



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 30.6.2009
SEC(2009) 831 final

**REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN
PARLIAMENT**

**Annual Report 2009 on the European Community's Development and External
Assistance Policies and their Implementation in 2008**

{COM(2009)296}

**REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN
PARLIAMENT**

**Annual Report 2009 on the European Community's Development and External
Assistance Policies and their Implementation in 2008**

{COM(2009)296}

TABLE OF CONTENTS

COMMISSION STAFF WORKING DOCUMENT Annex to the..... **Error! Bookmark not defined.**

REPORT FROM THE COMMISSION TO THE COUNCIL AND THE EUROPEAN PARLIAMENT Annual Report 2009 on the European Community's Development and External Assistance Policies and their Implementation in 2008	2
1. POLICY	9
1.1. Introduction	9
1.2. Annual Policy Objectives.....	11
1.3. Implementation of the European Consensus on Development	12
1.4. Coherence between development and other policies	14
1.5. Mainstreaming cross-cutting issues	18
1.6. Aid effectiveness and co-financing.....	23
1.6.1. Aid effectiveness.....	23
1.6.2. Division of labour and co-financing	24
1.7. Partnership with United Nations and World Bank.....	26
1.7.1. United Nations	26
1.7.2. International Financial Institutions	27
1.7.3. OECD	27
1.8. Poverty focus in middle-income countries.....	28
1.9. Sectoral policy and strategy developments	29
1.10. Outlook 2009.....	35
2. IMPLEMENTATION	37
2.1. European Neighbourhood and Partnership Instrument.....	38
2.1.1. Bilateral and regional cooperation	38
2.1.1.1. Introduction.....	38
2.1.1.2. Aid effectiveness and donor coordination.....	40
2.1.1.3. Working towards the MDGs	41
2.1.1.4. Regional cooperation and integration	42
2.1.1.5. Implementation	44

2.1.1.6. Monitoring.....	50
2.1.1.7. Results.....	53
2.1.1.8. Prospects	55
2.1.1.9. Success stories.....	57
2.1.2. Cross-border cooperation.....	58
2.2. European Development Fund.....	59
2.2.1. Africa.....	59
2.2.1.1. Introduction.....	59
2.2.1.2. Aid effectiveness and donor coordination.....	60
2.2.1.3. Working towards the MDGs	61
2.2.1.4. Regional cooperation and integration	63
2.2.1.5. Implementation	64
2.2.1.6. Monitoring.....	65
2.2.1.7. Results.....	66
2.2.1.8. Prospects	67
2.2.1.9. Success stories.....	68
2.2.2. Caribbean (including OCTs).....	69
2.2.2.1. Introduction.....	69
2.2.2.2. Aid effectiveness and donor coordination.....	70
2.2.2.3. Working towards the MDGs	70
2.2.2.4. Regional cooperation and integration	71
2.2.2.5. Implementation	71
2.2.2.6. Monitoring.....	72
2.2.2.7. Results.....	73
2.2.2.8. Prospects	74
2.2.2.9. Success stories.....	74
2.2.3. Pacific (incl OCTs)	74
2.2.3.1. Introduction.....	74
2.2.3.2. Aid effectiveness and donor coordination.....	76
2.2.3.3. Working towards the MDGs	76
2.2.3.4. Regional cooperation and integration	77

2.2.3.5. Implementation	77
2.2.3.6. Monitoring.....	78
2.2.3.7. Results	79
2.2.3.8. Prospects	79
2.2.3.9. Success stories.....	80
2.2.4. ACP-wide activities	84
2.3. Development Cooperation Instrument	86
2.3.1. Asia	86
2.3.1.1. Introduction	86
2.3.1.2. Aid effectiveness and donor coordination.....	87
2.3.1.3. Working towards the MDGs	88
2.3.1.4. Regional cooperation and integration	89
2.3.1.5. Implementation	89
2.3.1.6. Monitoring.....	92
2.3.1.7. Results	93
2.3.1.8. Prospects	94
2.3.1.9. Success stories.....	95
2.3.2. Central Asia.....	96
2.3.2.1. Introduction	96
2.3.2.2. Aid effectiveness and donor coordination.....	96
2.3.2.3. Working towards the MDGs	97
2.3.2.4. Regional cooperation and integration	97
2.3.2.5. Implementation	98
2.3.2.6. Monitoring.....	98
2.3.2.7. Results	100
2.3.2.8. Prospects	100
2.3.2.9. Success stories.....	101
2.3.3. Middle East	101
2.3.3.1. Introduction	101
2.3.3.2. Implementation	102
2.3.3.3. Prospects	103

2.3.4.	Latin America.....	104
2.3.4.1.	Introduction.....	104
2.3.4.2.	Aid effectiveness and donor coordination.....	106
2.3.4.3.	Working towards the MDGs	106
2.3.4.4.	Regional cooperation and integration	107
2.3.4.5.	Implementation	109
2.3.4.6.	Monitoring.....	111
2.3.4.7.	Results	113
2.3.4.8.	Prospects	114
2.3.4.9.	Success stories.....	114
2.3.5.	South Africa	115
2.3.5.1.	Introduction.....	115
2.3.5.2.	Aid effectiveness and donor coordination.....	115
2.3.5.3.	Working towards the MDGs	116
2.3.5.4.	Regional cooperation and integration	116
2.3.5.5.	Implementation	116
2.3.5.6.	Monitoring.....	117
2.3.5.7.	Results	118
2.3.5.8.	Prospects	118
2.3.5.9.	Success stories.....	119
2.3.6.	Accompanying measures for Sugar Protocol countries	121
2.3.7.	Investing in people	123
2.3.8.	Non-state actors and local authorities in development	126
2.3.9.	Migration and asylum	126
2.3.10.	Environment and sustainable management of natural resources including energy .	128
2.3.11.	Food security.....	130
2.4.	Democracy and human rights.....	132
2.5.	Stability	140
2.5.1.	Crisis response and preparedness.....	140
2.5.2.	Global and regional trans-border challenges.....	143
2.6.	Nuclear safety.....	148

2.7.	Humanitarian assistance.....	151
2.7.1.	Context.....	151
2.7.2.	Humanitarian policy.....	153
2.7.3.	Disaster preparedness.....	153
2.7.4.	Budget.....	153
2.8.	Macro-financial assistance.....	154
3.	FEATURE ARTICLES.....	155
4.	RESULTS.....	166
4.1.	Introduction.....	166
4.2.	Project results: results-oriented monitoring (ROM).....	167
4.3.	Evaluation: review of the 2008 work programme.....	172
4.3.1.	Organisation of the evaluation function.....	172
4.3.2.	The 2008 work programme.....	173
4.3.3.	Results from evaluations finalised in 2008.....	173
4.3.4.	Synthesis of main lessons learned.....	176
4.3.5.	Outlook for 2009.....	176
5.	AID MANAGEMENT.....	177
5.1.	Introduction.....	177
5.2.	Developments in aid delivery modalities and channels.....	178
5.2.1.	The 'Backbone Strategy' for reforming Technical Cooperation.....	178
5.2.2.	Budget support.....	179
5.3.	Progress on qualitative issues in aid management.....	182
5.4.	Simplification of procedures.....	184
5.5.	Cooperation with international organisations and other donors.....	185
5.6.	Visibility and communication.....	189
6.	ANNEXES.....	189
6.1.	Introduction to financial tables.....	189
6.2.	Financial tables.....	192
6.3.	Glossary.....	215

1. POLICY

1.1. Introduction

Development and external assistance are now central policies of the EU. They are major components of its international influence and effective instruments of its soft power. Their main purpose is to fight poverty and promote economic development and democracy. The present decade has seen the rise of the EU as a leading actor in the development field. The figures are impressive: the amounts committed have increased by 90% since 2001. In 2008, the EU and its Member States were again the biggest international donor, providing almost 60% of global aid.

The amount committed at EU level in 2008 (€12 billion) enabled the EU to implement an external assistance policy which is global, focused long-term and responsive. It is global with more than 160 countries and organisations benefiting from European funds. It has acquired a long-term focus through its regular project evaluations which seek to optimise their developmental impact year on year. It is responsive and flexible, as shown by the comprehensive assistance package of up to €500 million pledged by the European Commission to support Georgia after its conflict with Russia in August 2008.

In 2008, the world faced a number of severe challenges which have hampered progress towards the Millennium Development Goals (MDGs). The steep increase in food and energy prices and the global financial crisis have contributed to driving over 100 million people back into poverty. The Commission took various actions to meet the food crisis challenge. It mobilised €200 million from the reserve for unforeseen needs under the 10th European Development Fund (EDF) to respond to the macroeconomic and social consequences of soaring food prices in the worst-affected African-Caribbean-Pacific (ACP) countries. The budget for humanitarian food aid was reinforced with €140 million. Following a proposal from the Commission, a €1 billion EU Food Facility was adopted to mitigate the effects of the steep rise and volatility of food prices on the most vulnerable populations in all developing countries.

Several important events relating to the achievement of the MDGs took place in 2008. The European Commission together with the Member States played a leading role at a number of international meetings including the Third High Level Forum on Aid Effectiveness in Accra (2-4 September 2008), the High Level Event on the MDGs in New York (25 September 2008) and the Follow-up International Conference on Financing for Development in Doha (29 November – 2 December 2008). The priorities agreed by the Council of the European Union in July 2008 (use of country systems, the division of labour among donors, increased aid predictability, mutual accountability for results and less aid conditionality) were reflected in the Accra Agenda for Action (AAA) adopted at

the Third High-Level Forum on Aid Effectiveness in Accra. Likewise, during the UN follow-up Conference on Financing for Development in Doha, the EU was instrumental in reaching consensus on important policy issues including the need to maintain donors' commitments to increase official aid volumes to 0.56% of Gross National Income (GNI) by 2010 and 0.7% of GNI by 2015.

In this context, the Commission played a key role in coordinating a common EU response. Its Communication in April, *The EU - a global partner for development. Speeding up progress towards the Millennium Development Goals*¹, confirms the EU as the world's largest donor providing 60% of total international Official Development Assistance (ODA) and reiterates the EU commitment to improve on aid delivery and aid effectiveness. As part of that commitment, the MDG-Contract approach was finalised, providing longer-term, more predictable and results-focused budget support in seven ACP countries. At partner country level, a fast-track process was launched together with the EU Member States to expedite the implementation of the Code of Conduct on Complementarity and Division of Labour, which was adopted in 2007. Furthermore, the *EU Agenda for Action* approved in June 2008 set out a number of intermediate milestones against core social and environmental targets to be reached by 2010.

These initiatives were complemented by a number of other papers and Communications, aimed at further reinforcing European development policy (as set out in the 2005 European Consensus on Development). These included the Communications on:

- *The EU, Africa and China: Towards trilateral dialogue and cooperation*²
- *Regional integration: a vision for the developing world*³
- *A Special Place for Children in EU External Action*⁴.

The Commission also issued a policy paper on *Local Authorities: Actors For Development* to set out the first elements of a strategy which will capitalise on local authorities' experience as partners in development and draw up a coordinated approach for a structured involvement in development cooperation policy. The growing number and changing role of local authorities in development was the key issue during the European Development Days held in Strasbourg on 15-17 November 2008.

The Commission gave new impetus to relations between the EU and neighbouring countries with the creation of a Union for the Mediterranean. The aim is to reinforce the existing partnership, offering more balanced governance

¹ COM(2008) 177 final of 09.04.2008

² COM(2008)654 final of 17.10.2008

³ COM(2008) 604 final of 06.10.2008

⁴ COM(2008)55 final of 05.02.2008

of the process, increased visibility and stronger focus on projects promoting intra- and inter-regional cooperation.

For its eastern neighbours, the Commission adopted a Communication proposing the creation of an *Eastern Partnership* on 3 December 2008⁵. This initiative aims at strengthening the links between the EU and six partners in the East, reinforcing the bilateral agenda in the context of the European Neighbourhood Policy (ENP) and establishing a new framework for multilateral cooperation.

1.2. Annual Policy Objectives

In 2008, the Commission's external action sought to achieve the following objectives:

- Build on the European Neighbourhood Policy by focusing on the implementation of sectoral programmes in the areas of migration, education and energy. Make progress towards the conclusion of new agreements and advance economic and political relations with neighbouring countries. Continue the European Union's contributions to the Middle East peace process.
- Step up cooperation with ACP and other developing countries, particularly in areas such as energy, climate change and migration. Develop together with the African Union a Joint EU-Africa Strategy which will define the new priorities in the EU's relations with Africa. Start implementing the Economic Partnership Agreements and the 10th European Development Fund. Prepare a proposal for a second revision of the EC-ACP Partnership Agreement.
- Make progress on or conclude negotiations for agreements with China, India, South Korea, ASEAN and Latin America (Andean Community, Central America). Strengthen the transatlantic partnership with the United States.
- Support the successful completion and implementation of the Doha Development Round of world trade talks.

Except in the last case, substantial progress has been achieved in these different areas. In addition, to respond to emerging challenges during 2008, the Commission also took concrete initiatives to:

- Mobilise additional funding for poor countries at risk from the rise in food prices;
- Launch an Adaptation Fund for the most vulnerable countries in response to climate change;
- Take the lead on the Accra Agenda for Action to improve aid effectiveness;

⁵

COM/2008/823 final of 3.12.2008

- Enhance relations between the Union and neighbouring countries with the creation of a Union for the Mediterranean, an Eastern Partnership and the development of the Black Sea Synergy.

1.3. Implementation of the European Consensus on Development

The European Consensus on Development⁶, which constitutes a milestone in EU development cooperation, defines at EU level the common values, principles, objectives and means in order to eradicate poverty and achieve the Millennium Development Goals.

What are the Millennium Development Goals?

The Millennium Development Goals (MDGs) are eight goals to be achieved by 2015 that respond to the world's main development challenges. The MDGs are drawn from the actions and targets contained in the Millennium Declaration that was adopted by 189 nations and signed by 147 heads of state and government during the UN Millennium Summit in September 2000.

- Goal 1: Eradicate extreme poverty and hunger
- Goal 2: Achieve universal primary education
- Goal 3: Promote gender equality and empower women
- Goal 4: Reduce child mortality
- Goal 5: Improve maternal health
- Goal 6: Combat HIV/AIDS, malaria and other diseases
- Goal 7: Ensure environmental sustainability
- Goal 8: Develop a Global Partnership for Development

The Commission ensured that, throughout 2008, the objectives and principles of the Consensus were reinforced. In its April Communication on speeding up progress towards the Millennium Development Goals, the Commission confirmed its commitments to help eradicate poverty in developing countries by increasing the amount of aid, making it more effective and strengthening the coherence between development assistance and other policy areas. The EU presented its position at international fora, especially in Accra (on aid effectiveness), in New York (on the MDGs), at the UN summit and in Doha (on aid volumes).

In this context, the Commission was instrumental in preparing the EU Agenda for Action on MDGs adopted in June 2008. This Agenda is a collective offer by Europe to its development partners and the international community, setting a number of intermediate milestones against core social and environmental targets to be reached by 2010. This initiative should facilitate the achievement of the MDG targets by 2015. Referring to estimated financing gaps per sector, the

⁶ The Consensus was endorsed in December 2005 by the Presidents of the Commission, Council and European Parliament.

Agenda presents examples of EU actions foreseen in the next two years and assesses the expected impact of increased EU aid in specific sectors.

As part of the initiative on Mobilising European Research for Development Policies which seeks to provide a European perspective on international development issues, the Commission issued a first EU Research paper. The document *Millennium Development Goals at Midpoint: Where do we stand and where do we need to go?*⁷ places ongoing efforts to fulfil MDG commitments in the broader context of the changing world economy, challenging current development thinking and making policy recommendations for the way forward.

Building on the international and multilateral aspects of the Consensus concerning values like democratic governance and human rights, the Commission proposed a structured dialogue with China and Africa in its Communication on *The EU, Africa and China: Towards trilateral dialogue and cooperation*. This document acknowledges that the EU and China are long-standing partners of Africa who have in recent years responded to Africa's transformation with increased trade, investment and aid. It calls for joint efforts to find common solutions to common challenges such as peace and security, agriculture and food security, climate change, infrastructure and sustainable management of the environment and natural resources.

Following the adoption of the EU-Africa Partnership in Lisbon in December 2007, the Commission issued its 2008 review of progress entitled *One year after Lisbon: the Africa-EU partnership at work*⁸. The document confirms the step-change in Europe's relations with Africa and seeks to stimulate debate among stakeholders on both continents in order to boost implementation of the strategy. Its eight sector partnerships have been developed and are now starting to deliver concrete results.

The Joint EU Africa Strategy

The Joint Africa-EU Strategy provides an overarching long-term framework for Africa-EU relations, while its first action plan specifies concrete proposals for 2008-2010, structured along eight Africa-EU strategic partnerships:

- Peace and security,
- Democratic governance and human rights,
- Trade, regional integration and infrastructure,
- Millennium Development Goals,
- Energy,
- Climate change,
- Migration, mobility and employment,
- Science, information society and space

⁷ F Bourguignon et al (2008). Available at:
http://ec.europa.eu/development/icenter/repository/mdg_paper_final_20080916_en.pdf

⁸ COM(2008) 617 final of 17.10.2008

http://ec.europa.eu/development/geographical/regionscountries/euafrica_en.cfm

Particular attention was paid in 2008 to regional integration as a driver of development. The Commission presented a shared EU vision in its Communication on *Regional integration for development in ACP countries*. Citing Europe's successful integration over the last 50 years, the paper looks at opportunities for ACP countries to develop and expand their own regional initiatives. Acknowledging a sometimes difficult context, marred by limited ownership and capacity at regional or national level, fragmentation of regional markets, insufficient economic diversification and infrastructure development, the document highlights the need for a joined-up EU approach. This requires a strong political partnership within the joint EU-Africa Strategy, increased EU support for regional integration and strengthening existing regional integration processes through the conclusion of fully-fledged Economic Partnership Agreements.

Similar efforts towards aid effectiveness are underway in the field of humanitarian aid. Adopted in December 2007, the European Consensus⁹ on Humanitarian Aid has given the European Union a common set of values, principles and objectives intended to strengthen the coherence of its overall humanitarian action. The Consensus was followed by the adoption of an action plan in 2008¹⁰. The overall aim is to ensure that the European Union maximises the effectiveness of its contribution to the collective international humanitarian response and this inter-alia through a more closely co-ordinated approach with all donors involved, a better linking of humanitarian aid with long-term development and other assistance and a strengthening of disaster reduction activities supported increasingly by long-term aid approaches.

1.4. Coherence between development and other policies

As part of the European Consensus on Development, the Commission has increasingly focused on the contribution that other policies with an impact on development – trade, agriculture, environment, security, migration, the social dimension of globalisation, employment and decent work, and international scientific cooperation (including research on agriculture and health) – can make towards achieving the Millennium Development Goals.

As pointed out in the research paper on MDGs at midpoint, it is widely agreed that development policy alone will not bring sufficient results and that a number of other policies can have a major impact. The EU's aim is to maximise the positive effect of these policies while minimising their negative impact on developing countries.

⁹ The European Consensus on Humanitarian Aid was signed by the Presidents of the Council, the European Parliament and the European Commission in December 2007 - OJ C 25 – 30/1/2008
¹⁰ SEC(2008)1991

Following the adoption of the first EU report on Policy Coherence for Development (PCD) in 2007, the Commission explored the impact on development of four EU policy areas: climate change, energy (through the example of biofuels), migration and research. The EU research paper lays the basis for further policy work required at EU level.

In the climate change and energy areas, a key element in EU strategy is its long-term commitment to the development of renewable energies. Among renewable energies, biofuels are of particular relevance in the context of development policy given the multidimensional policy perspective they offer (e.g. energy, environment, agriculture, research). Hence the proposal that the EU help developing countries to benefit from the opportunities created by the biofuels market for fighting poverty, while carefully monitoring the impact it can have on third countries, particularly in terms of food security, access to land and environmental degradation.

On migration, any European policy on structuring and managing migration flows is bound to interact with development policy. The EU research paper concentrates on 'brain drain' and 'brain waste' issues. It focuses on measures to address the related challenges such as 'training for export' of highly skilled workers in developing countries, the retention of skilled workers, the facilitation of temporary or permanent return to migrants' countries of origin, or the strengthening of 'ethical recruitment' in the EU.

On research, the paper indicates how research policy can better contribute to development. It suggests promoting research on MDG-related issues, and improving access to the results so that developing countries also benefit from them. To strengthen the knowledge base of developing countries, it proposes to promote the participation of their researchers in European research programmes while at the same time strengthening their research capacity through a more balanced mobility of researchers between the EU and developing countries.

In addition to these specific initiatives in four key policy areas the Commission has been integrating development concerns in all initiatives with important impacts on developing countries.

With regard to **trade**, an Economic Partnership Agreement (EPA) was finalised with the Cariforum¹¹ region, while negotiations took place with other regional groupings. In addition, a number of Interim Agreements were signed with individual developing countries as further negotiations toward fully-fledged agreements continued. The EPAs are intended to consolidate regional integration initiatives among ACP countries and to foster their gradual integration into the global economy on the basis of an open, transparent and predictable framework

¹¹ Caribbean Forum

for trade in goods and services. EPAs are trade and cooperation agreements at the service of development.

As indicated in the recently adopted Communication on Promoting Good Governance in **tax matters**, the Commission is of the view that the coherence between EU financial support and provision of access to EU markets to particular countries and their level of cooperation with the principles of good governance in the tax area should also be considered.

As for **climate change, environment and energy**, the EU's ambitious climate policy will directly benefit the poorest and most vulnerable developing countries as it aims to limit global temperature rise to an average of 2°C above pre-industrial levels. In a Communication of October 2008, the Commission presented the challenges of dealing with deforestation in the context of international efforts to tackle climate change. The document stresses the importance of policy coherence, and calls for a review of the impact of EU policies on global deforestation. Then in December 2008, the EU reached political agreement on the *Climate action and renewable energy package*¹² which confirms the EU's commitment to fight climate change and promote renewable energy up to 2020 and beyond. The package offers opportunities for developing countries, in particular through its decision to increase the share of renewable energy in final energy consumption to 20% of total energy use by 2020 and to reach a minimum 10% share of renewables in transport by the same date. In that context, the package sets out sustainability criteria that biofuels will have to meet to ensure they deliver real environmental benefits. Finally, of particular relevance to this policy area, 2008 has seen the operational launch of the Adaptation Fund giving developing countries direct access to the funds generated by a 2% levy on the Clean Development Mechanism (CDM) which is part of the Kyoto Protocol on climate change.

Thanks to its far-reaching **agricultural** policy reforms, and as part of an overall package deal in the Doha Development Agenda during 2008, the EU has been endeavouring towards a steep reduction in the ceiling on its trade-distorting support, the elimination of its export subsidies and a significant reduction of its border protection in the context of a deal. In 2008, EU agriculture ministers reached a political agreement on a 'health check' of the Common Agricultural Policy. This modernises and simplifies some aspects of the CAP. Among a range of measures, the agreement abolishes arable set-aside, adjusts milk quotas in the lead-up to their abolition in 2015, reduces the role of price support and aims to create a genuine safety net for farmers. Support for agriculture and rural development in Africa has been further reinforced via EU development cooperation instruments and, in response to the food crisis of 2007-2008, through the adoption of a €1 billion EU Food Facility for 2008-2010. The

¹²

http://ec.europa.eu/environment/climat/climate_action.htm

facility makes funds available to support a rapid and direct response to volatile food prices in developing countries, covering measures in support of agricultural production as well as safety nets.

With regard to **fisheries**, preliminary discussions started on a review of the Common Fisheries Policy. The review will be based on an analysis of the achievements and shortcomings of the current policy, and will look at experiences in other fisheries management systems to identify potential avenues for the reform of this policy, including its external aspects.

As far as **migration** is concerned, the EU strategy, the so called "Global Approach" includes three pillars: promoting legal migration and mobility, fighting irregular immigration, and maximising the impacts of migration on development in the country of origin. The same logic prevails in the European Pact on Immigration and Asylum, adopted by the European Council in October 2008. The Pact intends to foster synergies between migration and development, and will provide solid ground on which to build initiatives to support circular migration and knowledge transfer. Initiatives have been launched enabling members of the migrant diaspora to contribute to the development of their country of origin for example through remittances or to support the temporary return of highly-qualified migrants. The Africa-EU Partnership on Migration, Mobility and Employment provides the framework to incorporate aspects of migration into education and health policies as well as social and economic development strategies.

With regard to **European Security and Defence Policy (ESDP)**, the EU continued efforts to increase coherence between security and development notably through the revision of the 2003 European Security Strategy, the ongoing work towards an action plan on the security-development nexus, and increased interaction between conflict and development analyses as well as between ESDP planning and development programmes. However, the report on the implementation of the European Security Strategy recognises the need to further strengthen coherence, through better institutional coordination and more strategic decision-making.

Throughout 2008, work continued to develop **science and technology** cooperation with partner countries. This included the negotiation and adoption of agreements with several of them and the launch of regional multi-stakeholder platforms for dialogue and exchange¹³. A Communication on *A Strategic European Framework for International Science and Technology Cooperation*,¹⁴ setting out a new partnership with Member States to coordinate international

¹³ INCO-Net platforms in the following regions: Mediterranean, Western Balkans, Eastern Europe and Central Asia (EECA), Sub-Saharan Africa, South-East Asia and Latin America. http://ec.europa.eu/research/iscp/pdf/978-92-79-08080-7_en.pdf

¹⁴ COM(2008) 588 final of 24.09.2008

S&T cooperation was endorsed by the Council in December¹⁵. Through the EU's Seventh Research Framework Programme (FP7), projects were funded to support developing countries in reaching the MDGs, particularly in the health, food and environment areas.

1.5. Mainstreaming cross-cutting issues

The Commission is committed to mainstreaming certain cross-cutting issues throughout its activities as agreed in the European Consensus on Development. They include: the promotion of human rights, gender equality, democracy, good governance, rights of children and indigenous peoples, environmental sustainability and combating HIV/AIDS. These objectives are promoted and supported in their own right through projects and programmes. They are at the same time vital factors in strengthening the impact and sustainability of development cooperation in general and should be taken into account and integrated into all projects and programmes. The Commission is taking steps to strengthen efforts to fully integrate cross-cutting issues into all its cooperation activities.

Democratic governance

In recent years, the EU has moved democratic governance to the top of its agenda. It makes major efforts to translate this political commitment into a comprehensive policy framework and to provide concrete support for democratic governance in its development cooperation activities¹⁶. While recognising that improving democratic governance is an internal process in each country, the Commission is determined to address democratic governance both as a specific policy area (i.e. support for human rights, democracy, public administration, decentralisation, civil society and rule of law) and as a cross-cutting issue concerning all programmes and sectors (i.e. support for democratic governance within sectors like food security, education, transport, justice, etc).

This is why the Commission not only integrates democratic governance into its own policy-making process, but also makes it a core element in its Partnership and Cooperation Agreements with countries in all regions. Democratic governance is a basis for dialogue with partners at country, regional and continental level. It is taken into account at all steps of the programming cycle: programming dialogue, drafting of Country Strategy Programmes and National Indicative Programmes, programme implementation and review. During 2008, the Commission developed a methodology to analyse and address governance in

¹⁵ Council conclusions of 02.12.2008: http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/intm/104442.pdf

¹⁶ Governance in the European Consensus on Development COM(2006) 421 and Council Conclusions of 17.11.2006

sector operations as a way to further improve results and to integrate democratic governance into all cooperation programmes at sector level¹⁷.

Promoting democratic governance and supporting partner countries' efforts are therefore an integral part of EU cooperation strategies. Respect for ownership, dialogue between partners and a focus on incentives for result-oriented reforms are the main principles. To put this approach into practice and build on existing support, the Commission launched the *Governance Initiative for ACP countries and Africa*. This provides ACP countries with access to additional funding according to their governance commitments: €2.7 billion from the 10th European Development Fund were reserved for such incentives. More than 60 countries have put forward plans for reform and benefited from an extra allocation. A review of this instrument was finalised in 2008.

Working on democratic governance is a highly sensitive political process. It also takes time. The Commission strategy is first to consider each specific situation from a country and a sector perspective, and thereafter to aim for a pragmatic and gradual approach. Increased attention is given to monitoring the impact and results of development efforts to promote democratic governance. To strengthen understanding and knowledge in this field and to find out how it can help partners to measure progress in democratic governance, the Commission together with the UNDP's Oslo Governance Centre launched a study in 2008 on governance indicators and governance assessments.

Gender

Gender equality is not only an end in itself, it is also a strong driver for development.

The year 2008 saw major initiatives in promoting gender equality: in the context of achieving the MDGs, on the issue of women in conflict or post-conflict countries, in the fight against violence, and in the area of aid effectiveness. Within the so-called MDG 3 Torch Campaign promoted by the Danish Government, Commissioner for External Relations Benita Ferrero-Waldner and Commissioner for Development and Humanitarian Aid Louis Michel were Champion Torch Bearers and made personal commitments to do something extra to promote better equality and achieve MDG 3 (gender). The Commission prepared a joint paper in collaboration with the Slovenian Presidency of the EU entitled *Women and Armed Conflict*. The *EU Agenda for Action on MDGs*, adopted in 2008 with a strong focus on gender equality, will also stimulate concrete actions.

¹⁷

http://ec.europa.eu/europeaid/infopoint/publications/index_en.htm

For the second edition of the drawing competition on gender equality organised by the Commission, some 30 000 children around the world aged between eight and 10 expressed their views on equality between women and men.

The *Comprehensive EU approach for the implementation of United Nations Security Council Resolutions 1325 and 1820 on women, peace and security*, adopted in December 2008, provides guidance and commitments to ensure that the Union's external actions are shaped to protect women from violence, and that they contribute to better equality between women and men during and after armed conflict and in situations of fragility. *Women: Stabilising an Insecure World* was the theme of the March 2008 high-level international conference promoted by Commissioner Ferrero-Waldner. As a result of the conference, over 40 women political leaders joined her in proposing to the UN Secretary-General that a Ministerial-level meeting be organised in 2010 – the 10th anniversary of the adoption of UN Security Resolution 1325 – to reinforce global commitment to its implementation. To advance the implementation of Resolution 1325, the Commission will also support the 2009 International Colloquium on women's leadership. These initiatives will help take effective action to end impunity for violence against women, and ensure women's participation in all aspects of reconstructing institutions and communities after conflicts.

In December 2008, the EU adopted the *Guidelines on violence against women and girls and combating all forms of discrimination against them*. This marks the EU's clear political will to treat women's rights as a priority and to take long-term action in this field. The Guidelines were welcomed and their implementation discussed by civil society organisations at the 10th EU-NGOs Annual Human Rights Forum, which in 2008 focused on *Equality in Action: Ending Discrimination Against Women*.

In September 2008, donors and partner countries agreed the Accra Agenda for Action on aid effectiveness which includes commitments on gender equality. The Commission has been at the forefront of efforts to link the gender equality and aid effectiveness agendas. The EC/UN Partnership on Gender Equality for Development and Peace has produced significant findings on aid effectiveness and gender equality in 12 pilot countries through mapping researches. This has provided useful messages for both donors and partner countries. The EC/UN partnership will continue by supporting in-country and regional capacities to bring a stronger gender equality perspective to aid effectiveness. An interactive website has been set up to provide information on resources, material and good practice¹⁸. The EC/UNIFEM¹⁹ programme on integrating gender-responsive budgeting into the aid effectiveness agenda, launched in early 2008, has also been a valuable resource for generating knowledge in this area.

¹⁸ For further information: www.gendermatters.eu

¹⁹ The UN Development Fund for Women

In the Mediterranean region, the EU leads efforts to put gender equality at the heart of the Euro-Mediterranean Partnership. The 2006 Istanbul Conclusions on *Strengthening the role of women in society* are closely monitored²⁰ and a stock-taking Euro-Mediterranean Ministerial conference will take place in 2009. The Role of Women in Economic Life programme has come to an end after a successful contribution to capacity building, carrying out analyses and disseminating good practices. Building on this, a new regional programme has started and will encourage the implementation of the Convention on the Elimination of All Forms of Discrimination against Women.

Providing Commission staff with knowledge on gender issues is vital to enable them to engage in dialogue with partner countries and civil society. Capacity-building activities continued throughout 2008 via training workshops. Within the Commission's Inter-service Group on Gender Equality, an External Relations working group was established to strengthen internal coordination. Dissemination of information and exchange of good practice amongst European Commission Delegations is ensured through a network of gender-focused persons.

In 2009, the Commission will prepare an EU Action Plan on Gender Equality and Women's Empowerment in External Action. Support for civil society organisations active in the field of gender equality and women's empowerment will continue to fight women's illiteracy, promote women's ownership rights and empower non-state actors. A second Ministerial conference on gender equality within the Euro-Mediterranean Partnership will take place. The extraordinary creativity of children will again be solicited by the Commission's third worldwide drawing competition on the issue of gender equality.

Children

Children's rights were a focus of attention in 2008. A Communication entitled *A Special Place for Children in EU External Action*²¹ and two accompanying Staff Working Papers, *The European Union's Action Plan on Children's Rights in External Action*²² and *Children in Emergency and Crisis Situations*,²³ were issued in February jointly by four Commission Directorates-General: Development, Humanitarian Aid, External Relations and Justice Freedom and Security. The package outlines a comprehensive policy on children in the EU's external policies, using all available instruments from political dialogue to development cooperation and humanitarian aid. The Action Plan on Children's Rights in External Action sets a number of priorities at regional and global level.

²⁰ For further information:

²¹ http://ec.europa.eu/external_relations/euromed/women/gender_followup_en.htm

²² COM(2008) 55 final of 05.02.2008

²³ SEC(2008) 136 of 05.02.2008

These concern: child labour, child trafficking, children affected by armed conflict and violence against children.

In 2008, a number of projects on children affected by armed conflict and on trafficking in children were shortlisted as a result of a call for proposals. In addition, the Commission reinforced its internal coordination by creating an Inter-service sub-group on children. A Children's Toolkit to support the work of partner countries, delegations and other relevant actors and stakeholders is being prepared jointly with UNICEF. Additionally, the implementation of action against the worst forms of child labour in conflict or post-conflict situations started with a study whose results will be published in 2009. The Commission is also carrying out a study on positive incentives on the sale of products that have been produced without using child labour.

Indigenous people

Constant efforts are being made to improve the design and the impact of EC external assistance programmes on indigenous people (IPs) by strengthening the Commission's ability to draw on lessons learnt and best practices. During 2007-2008, a specific EC initiative was devoted to ways to better integrate the rights of indigenous people into development cooperation.

In 2007, the Commission launched a study on promoting indigenous rights and issues under the Cotonou Partnership Agreement and the 10th EDF based on two case studies in Kenya and Suriname. This led to the preparation of a *Draft Tool for EC Cooperation with Indigenous Peoples in ACP countries*²⁴ designed to provide advice and assistance to European Commission Delegations in formulating and implementing development cooperation programmes. Only mechanisms that enable the full and effective participation of indigenous peoples in all stages of development, from design, implementation, monitoring and evaluation to benefit-sharing, can make the application and operation of these concepts work. This tool could be extended to other regions.

Environment

In the new generation of country and regional strategy papers, increased consideration was given to environmental sustainability concerns in sector programmes in sensitive areas. This included strategic environmental assessments in sectors like transport, sugar sector reform, sea defences. Efforts to conceptualise and provide operational guidance on integrating climate change adaptation into external cooperation were stepped up. These efforts also focused on donor coordination mechanisms.

²⁴

http://ec.europa.eu/europeaid/what/universal-issues/human-rights/index_en.htm

Activities to strengthen staff capacities to include the environmental dimension into all EC cooperation programmes continued successfully in 2008 with increasing focus on climate change adaptation. Renewed emphasis on this objective was given in the Green AIDCO Action Plan adopted at the beginning of the year. Environmental integration seminars were held, methodological support provided and awareness-raising sessions organised.

Combating HIV/AIDS

The European Consensus on Development recognises HIV/AIDS as a key development challenge, which requires a multi-faceted response, including more attention to mainstreaming. In most 10th EDF Country Strategy Papers of countries for sub-Saharan Africa, HIV/AIDS mainstreaming figures prominently. The HIV/AIDS mainstreaming process includes integration of awareness raising, educational activities, condom promotion and other AIDS prevention activities in sector work on education and vocational training, transport and infrastructure and rural development. In addition to mainstreaming, HIV/AIDS is explicitly addressed as a main focus for focal sectors in four countries and an identified priority for General Budget Support in four others. Growing recognition of the HIV/AIDS challenge is evident in some countries which have defined their focal sectors on the basis of a careful analysis of the interplay between the sectors concerned and HIV/AIDS.

A regional HIV/AIDS helpdesk has been created in Southern Africa, and supports EC Delegations in mounting an expanded EC response to AIDS in the region.

The Commission's "HIV in workplace policy", introduced in 2007, is now being implemented through education and training programmes in non-EU countries.

1.6. Aid effectiveness and co-financing

1.6.1. Aid effectiveness

The Third High-Level Forum on Aid Effectiveness in Accra, Ghana, in September made 2008 an important year for the global aid effectiveness agenda. Monitoring by the OECD's Development Assistance Committee (DAC) showed that, despite progress, donors risked falling short of the targets agreed in the Paris Declaration of 2005. A further push and a renewed commitment to aid effectiveness were needed.

In May, the Council called on Member States and the Commission to seek an ambitious outcome from Accra. In July, the EU consolidated its common position in advance of the forum. Special emphasis was given to division of labour, use of country systems, predictability of aid and mutual accountability for results, including less conditionality.

The outcome of the High-Level Forum, the Accra Agenda for Action (AAA)²⁵, reflects the aspirations of the EU. While the AAA, unlike the Paris Declaration, contains few numerical targets, it nevertheless consists of significant political commitments by donors and developing countries. Touching more themes than ever before, the aid effectiveness agenda now also involves a wide range of partners from the development community. Partner countries themselves, emerging donors, middle-income countries and non-state actors all play an increasingly important role.

The Commission has set out the broad lines of its approach for implementing the Accra Agenda, in particular at operational level. It is building on its earlier strategies on use of country systems and joint missions, as well as on the recent "Backbone strategy" to increase effectiveness and the overall quality of technical cooperation and project implementation arrangements (see Sections 4.2. and 5.1.1. below for details). Discussions with Member States will continue on how the EU will carry forward the aid effectiveness agenda at a European and international level, such as in the ongoing work in the OECD/DAC Working Party on aid effectiveness. EU performance will be monitored as part of the annual Monterrey reporting system as well as in the overall Paris Declaration monitoring exercise.

As part of its response to the commitments on the use of country systems and aid predictability, the Commission finalised its proposals for MDG-Contracts. Under the 10th EDF some 44% of resources programmed in ACP countries will be budget support (€13.5 billion). The aim of MDG contracts is to make budget support more effective in accelerating progress towards the MDGs by increasing its predictability and focusing on results. Individual MDG contracts will provide longer-term general budget support targeted at countries with a proven track record. MDG contracts were initially approved for seven ACP countries (Burkina Faso, Ghana, Mali, Mozambique, Rwanda, Uganda, and Zambia), representing over 40% of programmed general budget support under the 10th EDF.

1.6.2. Division of labour and co-financing

The EU Code of Conduct on Complementarity and Division of Labour in Development Policy, adopted by the Council in May 2007, presents 11 principles for reducing aid fragmentation at the country, regional and global level. Dependent on local circumstances at country level, the Code is being implemented at varying speeds. A fast-track initiative aimed at speeding up division of labour has been established with an EU Member State or the European Commission leading the work in a number of countries. This initiative incorporates a proposal by Commissioner Louis Michel whereby responsibility for specific projects in a particular sector can be delegated by the Commission to

²⁵

<http://www.accrahlf.net/>

a Member State and vice-versa in what is called delegated cooperation. Implementation of fast-tracking has started, and more cases of delegated cooperation are expected.

Delegated cooperation/co-financing works in two directions: from the Commission to a Member State, after prior assessment of the Member State's capacity to manage EC funds, and from a Member State to the Commission. Examples are the delegation of the Central Kenya Roads programme from the Commission to Germany's *Kreditanstalt für Wiederaufbau*, and the co-financing arrangements with Germany for the Global Energy Efficiency and Renewable Energy Facility and with Sweden for the Global Climate Change Alliance, both of which come under the Thematic Programme *Environment and Sustainable Management of Natural Resources, including Energy (ENRTP)*.

The mid-term reviews for the Strategy Documents under the financial instruments of the EC Budget (2009) and the EDF (2010) provide a further opportunity to enhance division of labour.

An EU toolkit on complementarity and division of labour was prepared by the Commission together with the Member States to facilitate practical work on the ground. A compendium of good practices was drawn up to support international dialogue²⁶.

Monitoring the Paris Declaration: results of the 2008 survey

The first challenge for developing countries is to improve the quality of their poverty-reduction strategies (better prioritisation, stronger links with national budgets and more results-oriented). The second is to improve and reform their national systems for public financial management and procurement. Donors should use country systems more and increase the predictability of aid. They should also refrain from setting up parallel project implementation units, which undermine local capacity development, make more use of programme-based approaches and better coordinate in-country missions and analytical studies. In the light of these recommendations, the Commission should be able to meet the following commitments: coordinate technical cooperation (including missions and analytical studies), cut the number of parallel project implementation units, and raise aid predictability. Major challenges for the Commission concern the use of country systems.

²⁶

COM(2007) 72 final of 13.2.2008, SEC(2007) 248

1.7. Partnership with United Nations and World Bank

1.7.1. United Nations

The EU sees the UN as one of its most important partners in the field of development. The EU-UN partnership is guided by the international policy agenda, in particular the UN Millennium Declaration and the Millennium Development Goals. Throughout 2008, the Commission continued its contacts, cooperation and dialogue with the UN and its agencies, funds and programmes. This cooperation has developed into a mutually beneficial partnership in policy, normative and operational terms with individual UN bodies and the UN system as a whole. These joint efforts have resulted in saving and protecting lives, strengthening governance, protecting human rights, preventing and overcoming crises as well as promoting human development and sustainable livelihoods.

The Commission has continued to give particular attention to projecting EU policy priorities and values in the UN context. This goes hand in hand with the Commission's increased presence and input in policy-making and debates at UN institutional fora, conferences and conventions. UN reform remains a key priority for the Commission, which supports UN efforts to promote system-wide coherence and to increase UN effectiveness in its country-level operations. The Commission has shown particular interest in progress in the implementation of the '*Delivering as One*' initiatives.

In 2008, the Commission took an active part in the first Development Cooperation Forum, a new initiative of the UN Economic and Social Council to strengthen the UN's role in the development cooperation dialogue.

In the context of UN efforts to mobilise global support towards achieving the MDGs, the Commission called on all partners to reaffirm their existing commitments. Its positions on development cooperation policies achieved high visibility in the UN context thanks to the participation of Commission President José Manuel Barroso and several Commissioners. This built on the Commission's active participation in the UN Secretary-General's Africa MDGs Steering Group of which President Barroso is a member.

The positive conclusion of the UN events in September led to the further enhancement of the global partnership for development at the UN Review Conference on Financing for Development in Doha, Qatar, in early December. The action-oriented outcome of the conference reaffirmed the donors' commitment to increase their development assistance despite the financial crisis. The EU as a whole showed strong leadership throughout the conference, building bridges with partners in the spirit of global partnership and always aiming for a consensual result.

The protection of human rights was an important theme in 2008, which saw the 60th anniversary of the Universal Declaration of Human Rights. In the UN

framework, the Commission worked to secure the universal rights of people, as well as principles for respect of cultural diversity, and an emerging consensus on women's rights through the strengthening of the UN's so-called gender equality architecture. Together with the UN, the Commission gave high priority to mainstreaming human rights into development policy so as to demonstrate that the two are mutually reinforcing goals.

Throughout the year, the Commission played a leading role in other UN events and high-level conferences such as the FAO Conference on World Food Security, Climate Change and Bioenergy (Rome, 3-5 June). At the UN Conference on Trade and Development (UNCTAD XII) in April in Accra, progress was made on UNCTAD reform. The commitment to make globalisation a tool for poverty eradication was reaffirmed. The European Community, as a full member of the Food and Agricultural Organisation (FAO), played an important bridge builder role in the FAO reform process.

1.7.2. International Financial Institutions

Cooperation between the Commission and International Financial Institutions (IFIs) especially the World Bank (WB) and the International Monetary Fund (IMF) continued to grow in 2008. Important steps were taken in EC relations with regional development banks.

World Bank and IMF

The Commission and the World Bank cooperated on crucial policy initiatives including the response to the food crisis, climate change financing and support for fragile states. In 2008, the *Limelette Process*, which was launched in 2003 between the Bank and the Commission to improve their cooperation in Africa, was expanded to incorporate the Tunis Process, a joint EC-African Development Bank initiative which aims to achieve greater development results. The Merged Process was initiated in June 2008 when senior officials of the three institutions met in Tunis to launch a tripartite partnership on budget support and public finance management (PFM). They agreed to start cooperation with four African pilot countries: Ghana, Mali, Mozambique and Rwanda.

Regional Development Banks

The Commission maintained strong bilateral ties with the *African Development Bank* (AfDB), providing financial support for the *African Economic Outlook*, published jointly by the AfDB, the Development Centre of the OECD and the UN Economic Commission for Africa.

1.7.3. OECD

Cooperation with the OECD on development issues intensified in 2008, notably in preparation for the High-Level Forum in Accra. Commissioner Michel spoke

at the annual High-Level Meeting of the Development Assistance Committee, stressing the need for donors to live up to their commitments and use the challenge of the key development events in 2008 to help achieve the MDGs. The Commission participated actively in a reflection group preparing a new mandate for the DAC. As part of the DAC's regular peer reviews of its members, the Commission and Canada examined Norway's development assistance.

1.8. Poverty focus in middle-income countries

More than 80 countries are classified as Middle-Income Countries (MICs). A large and diverse group of countries, MICs make up just under half of the world's population and are home to one third of those people across the globe living on less than two dollars per day. The highest income MICs have a per capita income 10 times higher than the lowest income ones. In fact, MICs break down into two groups: Lower Middle Income Countries (\$936-\$3 705 GNI per capita) and Upper Middle Income Countries (\$3 706-\$11 455 GNI per capita)²⁷. Disparities in income and levels of social exclusion remain significantly high, especially in Latin America and Asia. The recent global economic slowdown and the related decrease in capital investment and development aid may further worsen this situation.

Commission assistance to MICs aims to enhance sustainable development and reduce poverty in line with the MDGs. The Commission uses several financial instruments including: the Development Cooperation Instrument (DCI) for Latin America and Asia and the European Neighbourhood Partnership Instrument (ENPI) for eastern European and southern Mediterranean countries.

All 17 Latin American countries are presently defined as MICs. In line with the European Consensus on Development and the recent Communication on a stronger partnership between the EU and Latin America, the Commission takes a flexible approach that corresponds to the level of development of each country.

For the Lower Middle Income Countries, EC-funded cooperation concentrates mainly on supporting policies to reduce poverty, inequality and exclusion through the promotion of social cohesion and institution building. This cooperation with countries such as Honduras, Ecuador, Paraguay, Peru and Nicaragua includes budget and sector support programmes, which focus mainly on social sectors and the improvement of public financial management. Other countries like Colombia and Bolivia benefited from cooperation on peace, stability, the rule of law, the fight against drugs or water management. For Higher Middle Income Countries, more emphasis was put on economic and trade cooperation, the promotion of sectoral dialogues and support for higher education.

²⁷

World Bank list of economies (July 2008)

The overarching objective of EC assistance under the Development Cooperation Instrument for Asian MICs is poverty reduction. Aid provided by the Commission covers areas such as economic and environmental issues, education, health, government and civil society depending on countries' priorities at national or regional level. The regional poverty level has diminished in recent years, mainly due to the rapid growth of large countries such as China. Nevertheless those people recently lifted out of poverty in Asian MICs remain highly vulnerable to negative effects caused by the recent food, energy and financial crises.

The EU's eastern neighbours are now classified as MICs. While poverty in the region has been reduced, significant social inequalities and exclusion persist. The introduction of the European Neighbourhood Partnership Instrument and increased assistance in the form of sector budget support added to the efficiency of the EC assistance. However, needs remain significant in this region (for example the Republic of Moldova is still the poorest country in Europe).

The southern Mediterranean region is also affected by poverty. The consequences were especially visible in 2008 when rises in commodity prices provoked social unrest in some countries. Therefore, in countries with particularly high poverty levels, ENPI assistance supported the development of basic social infrastructure (social safety nets, health and education).

1.9. Sectoral policy and strategy developments

Human and social development

To accelerate the implementation of the EU policy to provide human resources in health, the Commission prepared *a Progress Report on the implementation of the European programme for action to tackle the critical shortage of health workers in developing countries (2007-2013)*²⁸. The report, with input from 18 Member States, shows that the EU supports health programmes with a human resources for health (HRH) component in 51 of the 57 countries identified by the World Health Organisation as facing an HRH crisis. It provides support for regional research, capacity-building and knowledge-generating initiatives. The report begins to explore, at the global level, opportunities to encourage circular migration and the introduction of other mechanisms to deal with the pull factors in the migration of health workers from poorer countries. Yet, the responses from the Member States indicate that actions in health and on HRH are largely uncoordinated. This runs counter to the idea of the programme for action as a guiding tool for EU collective action on health and HRH. The Commission will work with the Member States in 2009 to translate the existing policy into more robust joint action on the ground.

²⁸

SEC(2008) 2476 of 16/09/08

In collaboration with the French EU Presidency, the Commission prepared a document on *Social health protection and health-care financing in developing countries: towards a framework for concerted intervention by the European Union*²⁹ which was discussed at an informal ministerial meeting in Bordeaux on 29 September 2008. In November, the Council of the EU adopted formal conclusions on strengthening health systems in developing countries. The Commission initiated the progress review on the European *Programme for Action to Confront HIV/AIDS, Malaria and Tuberculosis Through External Action (2007-2011)*³⁰ through a wide consultation of European and African stakeholders at meetings in Brussels and Dakar, Senegal. These produced recommendations on policy updates, options and priorities for collective action by the European Union. Stressing the need for continued investment in new tools and technologies, the Commission organised the international conference *Challenges for the Future: Research for HIV/AIDS, Malaria and Tuberculosis* to rally political support and define research priorities for the Commission's 7th Research Framework Programme. The Commission reinforced its internal coordination on communicable diseases to promote policy coherence, coordination and collaborative action. Ten Commission services are involved. The Commission worked closely with the European G8 members to consolidate their response to HIV/AIDS, malaria and tuberculosis as a basis for a broader and more comprehensive G8 involvement in global health and health-system strengthening as well as donor harmonisation and aid effectiveness. On 1 December, the Commission collaborated with the EU Presidency and Member States on the EU Statement *One Word: Leadership - Keeping the promise to stop HIV/AIDS*.

Working with Member States and other donors and stakeholders, the Commission strengthened its international position in education and health. As in previous years, the Commission played a key role in the *Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM)* to which the EC contributed €100 million in 2008. The EC's total contributions have reached €672 million over the last seven years. The Commission argued strongly for a better alignment of the GFATM-funded programmes with countries' national strategies and worked for better coordination between EU Member States to prepare EU positions. It also actively participated in the *International Health Partnership*. The Commission continued its close involvement in the *Education for All – Fast Track Initiative (FTI)*, especially on governance reform, strengthening of country level processes and the oversight of its evaluation.

The Commission was involved with the UN and its agencies in the preparations leading up to the UN events on Africa and on the MDGs in New York in September 2008. This gave it considerable influence on the various outcome documents on education and health feeding into the UN Secretary General's

²⁹

³⁰

http://ec.europa.eu/development/icenter/repository/social_health_protection_codev_2008_en.pdf
COM(2005) 179 final of 09.04.2008

MDG Africa Group. During the events, the Commission signed up to the *Class of 2015*, an initiative for stepping up international advocacy on education goals. In line with the Joint Africa-EU Strategy, an active dialogue with UNESCO in the context of the Education for All (EFA) process was instrumental in establishing the international *Task Force on Teachers for EFA*.

Food Security

Global food security was negatively affected by food price increases in 2007 and 2008. In the course of 2008, the European Community responded to this challenge in various ways. First, an additional €130 million from the Commission's Directorate-General for Humanitarian Aid was allocated for food assistance. Second, where feasible, resources from other development cooperation instruments were mobilised, making available a further €250 million³¹. Third, following a proposal by the Commission of July, the European Parliament and the Council adopted a Regulation establishing a facility for rapid response to soaring food prices in developing countries³². This Regulation provides for the implementation of a €1 billion Food Facility, and constitutes the main EU response to the worsening global food security situation in 2008. The Food Facility will support measures in developing countries to (1) encourage a positive supply response from the agricultural sector; (2) respond rapidly and directly to the negative effects of volatile food prices on local populations, and (3) strengthen the productive capacities and the governance of the agricultural sector to enhance sustainability. It will operate for a period of three years (2008-2010) and thus be an instrument that operates in the time-spectrum between emergency assistance and long-term development cooperation.

Sugar

As part of the accompanying measures to support the adaptation process of ACP Sugar Protocol countries following the reform of the EU sugar regime, the Commission decided on 13 June 2008 to add €3 million to the indicative allocation of the available budget between eligible countries (€670 million in total for the 2007-2010 period). Following the adoption of all country strategies and Annual Action Plans (AAPs) for 2007, the 2008 AAPs were adopted.

Environment

The Commission's services finalised in July 2008 a staff working document on the implementation of the Global Climate Change Alliance (GCCA)³³ which was allocated €60m for 2008-2010 to create awareness and jointly address

³¹ €50 million from the Food security Thematic Programme, targeted at 12 developing countries; and €200 million from the EDF10 reserve for unforeseen needs, targeted at 30 ACP countries.

³² Regulation (EC) No 1337/2008 of 18 December 2008.

³³ For further information :

http://ec.europa.eu/development/icenter/repository/env_cc_GACC_com2007_0540_en.pdf

climate change between the EU and the most vulnerable developing countries (typically least developed countries and small island developing states). Based on a number of criteria, four countries have been identified to start up activities under the GCCA. They are Vanuatu, the Maldives, Cambodia and Tanzania. The activities will be mostly in the form of budgetary assistance for the implementation of their Climate Change Action Plans.

The first Voluntary Partnership Agreement (VPA) under FLEGT (Forest law enforcement, governance and trade)³⁴ was concluded with Ghana on 4 September 2008. Negotiations progressed with Malaysia, Cameroon and the Republic of Congo, with a view to reaching an agreement in the first half of 2009. Negotiations are ongoing with Indonesia, and a number of countries have expressed their interest in starting negotiations in 2009: Central African Republic, Gabon, Liberia and Vietnam. The VPA negotiations have demonstrated that stakeholder involvement in developing national policy and systems is essential for their successful conclusion and has resulted in new working practices and relationships in the forest sector.

As a key element of the FLEGT Action Plan, the Commission has proposed a new regulation to strengthen the EU's efforts to stop illegal logging. It is designed to encourage the purchase and use of timber products from identified authorised sources and to support timber-producing countries to develop FLEGT voluntary partnership agreements.

Energy

The EU is engaged in several initiatives to support the provision of adequate, affordable and sustainable energy to developing countries. These include the EU Energy Initiative for Poverty Eradication and Sustainable Development and the EU-Africa Partnership on Energy. EU energy policy which aims to deliver sustainable, secure and competitive energy to all Member States, also aims to integrate Europe's energy and external and development policies. The Second Strategic Energy Review, adopted in November 2008, reiterates that energy must be given the political priority it merits in the EU's international relations. Developing countries facing similar energy and climate challenges will benefit from EU efforts to diversify energy supply and to develop energy-efficient and renewable energy technologies. The Review urges the EU to assess the increasingly important role of Africa in EU energy security, to intensify its energy relationships with Africa, together with its support for the regional integration of electricity markets and the promotion of renewable energy.

Following the launch of the Africa-EU Energy Partnership in December 2007, several high-profile initiatives of the Commission have kick-started the

³⁴

For further information:

http://ec.europa.eu/development/policies/9interventionareas/environment/forest/flegt_en.cfm

cooperation including a joint energy mission of Commissioners Andris Piebalgs and Louis Michel to Africa.

EC support for energy has become more visible with its inclusion as a priority area in the European Consensus on Development and the awareness created through the ACP-EU energy facility and the EU-Africa Partnership on Infrastructure. Energy is a development sector in the indicative programmes of 15 countries under the 10th EDF. Six of them are in Africa and nine in the Pacific region. Additional support for energy is included in the thematic programme on environment and sustainable management of natural resources, including energy. The replenishment of the Energy Facility (€200 million) and the reinforcement of the EU-Africa Infrastructure Partnership and its Trust Fund (€300 million) are foreseen under the 10th EDF intra-ACP programme. In 2008, a number of initiatives were launched at continental/regional and bilateral level to support African Power Pools and the Forum for Utility Regulators, to promote energy interconnections, renewable energy and energy efficiency and to encourage investment in the energy sector.

Energy is also a major concern of the European Neighbourhood Policy, in both its southern and eastern dimensions. As part of the proposed Eastern Partnership, the EU plans to include energy-interdependence chapters in the new Association Agreements with its eastern neighbours. These chapters intend to increase energy security in the partner countries as well as in their relations with the EU. The multilateral approach will also include a platform on renewables and energy efficiency. Looking south, energy issues have long been a priority in Euro-Mediterranean relations. The Union for the Mediterranean sets a framework to foster cooperation in order to offer secure and affordable energy. Concrete initiatives have also been launched, such as the development of a Solar Plan in support of solar energy.

The energy related activities in both the Development Cooperation Instrument and the European Neighbourhood Policy Instrument take into account the objectives of the European Strategic Energy Technology Plan (SET-Plan)³⁵.

Transport

In the first half of 2009, the Commission will look at ways to strengthen cooperation on transport between the European Union and Africa. This follows the launch of the EU-Africa Partnership on Infrastructure and the first steps by the EU in 2008 to support the African Union Commission on infrastructure planning. EU efforts will focus on the ongoing cooperation in civil aviation, as well as road safety, multi-modal transport, and maritime transport (in particular the motorways of the sea).

³⁵

COM (2007) 723 final of 22/11/2007

The Commission is also willing to share methods and instruments of its Trans-European Networks in the area of transport as a benchmark for further infrastructure coordination and development.

In addition, the Commission has sought to establish a close partnership in the area of aviation with its African partners: the African Union, regional economic communities and individual states. The aim is to support the liberalisation of access to air transport markets in Africa, through sharing the experience of the EC internal market.

The Commission has provided €750 000 to the African Union Commission under the EU-Africa Partnership on Infrastructure for Yamoussoukro Decision³⁶ support initiatives.

The EU – Africa transport cooperation will also look at the experience gained with North African countries in the framework of EuroMed Transport. The implementation of the Regional Transport Action Plan (RTAP) for the Mediterranean for 2007-2013 is ongoing. First results in terms of approximation of legislation to the EU acquis in the fields of market liberalisation, safety and security are expected for 2009. Discussions on the methodology for defining a trans-Mediterranean transport network are also proceeding.

Information and Communication Technologies

The Commission considers information and communications technology (ICT) as an enabling tool to reach other development objectives via job creation, and to underpin efforts to attain the MDGs. Attracting private investments requires a stable legal environment and an appropriate regulatory framework. This is why the Commission directs its actions towards creating national and regional regulatory frameworks for electronic communications that ensure a level playing field for all entrants.

Further investments are being supported in broadband telecommunication networks through public-private-partnerships and in non-commercial electronic applications, such as telemedicine and e-learning.

The EU-Africa Partnership on the Science, Information Society and Space aims to strengthen cooperation in building knowledge-based economies in Africa and will formulate a response to the African Regional Action Plan on the Knowledge Economy.

Research

³⁶ The Yamoussoukro Decision aims to create a single African airspace, one of its most innovative provisions is that (eligible) air carriers have unrestricted access to routes within Africa.

In the research domain, the Africa-EU Partnership for Science, Information Society and Space³⁷ received impetus following a joint statement issued by European Research Commissioner Janez Potočnik and African Union Commissioner Jean-Pierre Ezin in October 2008. Six priority projects for immediate implementation were identified. Another concrete step was the secondment of a senior European scientific officer to the Secretariat of the African Union in Addis Ababa.

Progress was made with China and India, in particular in issuing coordinated calls for projects in selected research fields of mutual interest. Several regional information and matching events to enhance scientific and technological cooperation were held with the participation of research teams from European and ASEAN countries.

Latin American teams had a good participation rate in the Seventh Research Framework Programme. Research results from collaborative projects were show-cased during events such as the First Environment Ministerial Meeting between the EU, Latin American and Caribbean countries and the Lima Summit.

Aggregate data from 2007-2008 (as of February 2009) shows a total of some 8400 evaluated applications from different regions in the 7th Research Framework Programme (2007-2013), with Africa, Asia and the Caribbean having proportionately the highest number of successful applicants. Almost €170 million were attributed to the 1 529 most successful candidates.

1.10. Outlook 2009

In 2009, the global financial crisis and issues of food security and volatility in fuel/commodity prices combined with the long-term effects of climate change, will limit the potential for progress by developing countries towards reducing poverty and achieving the MDGs.

The Commission will closely monitor and analyse how these crises affect progress towards the MDGs, and propose measures to support developing countries. The Commission will also issue its annual monitoring report on EU commitments to development financing and aid effectiveness. In addition, short-term actions under the €1 billion Food Facility will continue while a long-term strategy will be worked out, in particular through strengthening or expanding EU food security policy.

In this context, cooperation with international partners will be crucial and the Commission will further engage with multilateral financing organisations and

³⁷

The 8th Africa-EU Partnership on Science, Information Society and Space was adopted as part of the Action Plan at the Lisbon Summit in December 2007 http://ec.europa.eu/research/iscp/pdf/01-04beas2007_action_plan_science_en.pdf

contribute to multilateral processes and platforms (G8, G20, the UN conference on the development impact of the financial and economic crisis) in order to maximise the impact of international efforts. Similarly, the Commission will further develop the trilateral cooperation and dialogue with Africa and China as well as with Africa and Brazil, both initiated in 2008.

In parallel, the Commission will seek the proactive involvement of ACP countries to initiate the second revision of the Cotonou agreement. The negotiations with the ACP should be concluded by February 2010.

The year 2009 will be one of consolidation and implementation of EU regional strategies with the Caribbean, the Pacific and Africa. In the context of the Africa-EU Joint Strategy, the eight specific partnerships, particularly those on trade and regional integration and on water and energy, should see rapid progress.

As regards environment and climate change, 2009 will be marked by the Copenhagen Conference on the post-2012 follow-up to the Kyoto Protocol, which will take place in December. Policy dialogue in the context of the Global Climate Change Alliance will aim to develop a shared vision with the most vulnerable developing countries. The Commission will continue to work on innovative sources of funding for climate change issues. To complement these efforts, the Commission will adopt a new strategy on disaster risk reduction and revise its Environmental Integration Strategy.

In 2009, the Commission will prepare policy documents on financing of health systems and social protection in health, and on fostering more and better education in developing countries. Progress on *the European Programme for Action to Confront AIDS, Malaria and Tuberculosis through External Action (2007-2011)* will be reviewed. The Commission will continue to be actively involved in the Global Fund to fight AIDS, Tuberculosis and Malaria and in the *Education for All Fast Track Initiative*.

On cross-cutting issues, prioritised by the European Consensus, other reports will be produced in 2009. An EU action plan on gender equality and women's empowerment in EU external action will be proposed, outlining a coherent approach to implement the 2007 Communication on gender equality. As requested by the Council and the Court of Auditors, a specific report will be prepared on ways to make environmental policy more operational on the ground.

Special attention will be given to strengthening cultural cooperation. A high-level international colloquium on Culture and Creativity as Vectors for Development will bring together ministers of culture and professionals from both EU and ACP states in April 2009 to debate the role of cultural sectors in boosting local economies and ways of improving access of ACP cultural goods to EU and international markets.

The Commission, together with the Member States involved, will further develop its activities with the research community and produce a European Report on Development, building on the first research report issued in 2008. The focus of this forward-looking exercise in 2009 will be development in the context of fragility.

Finally, Policy Coherence for Development will be a major undertaking for the Commission in the coming year with the publication of the second EU Report on Coherence. The paper will attempt to provide concrete evidence of the 'beyond-aid agenda', namely the contribution made by other EU policies to economic and social development in poor countries. It will illustrate how European policies affect the ability of these countries to make progress towards the MDGs. The report will highlight the EU's multiple and increasingly diversified relationships, and set out innovative approaches for a more inclusive global development.

2. IMPLEMENTATION

This synopsis of the EU's external assistance is presented through six major implementation instruments:

- the European Neighbourhood and Partnership Instrument (ENPI),
- the European Development Fund (EDF),
- the Development Cooperation Instrument (DCI)
- the European Instrument for Democracy and Human Rights (EIDHR)
- the Instrument for Stability (IfS)
- the Instrument for Nuclear Safety Cooperation (INSC)

A section of this chapter is dedicated to humanitarian assistance³⁸. This report does not cover the Instrument for Pre-Accession (IPA)³⁹ nor the Common Foreign and Security Policy⁴⁰ (CFSP).

The geographical cooperation for sub-Saharan Africa, the Caribbean and the Pacific regions (ACP) is mainly financed, South Africa excepted, from the European Development Fund (EDF), i.e. outside the EU budget. External assistance for other geographic areas and the thematic programmes are financed from the general budget of the European Community.

Some figures are given to illustrate this chapter but exhaustive financial information can be found in Chapter 6.

³⁸ The European Commission's Humanitarian assistance is covered in more detail by the annual report on humanitarian aid 2008

³⁹ For more information on the IPA: http://ec.europa.eu/enlargement/how-does-it-work/financial-assistance/instrument-pre-accession_en.htm

⁴⁰ For more information on CFSP: http://ec.europa.eu/external_relations/cfsp/intro/index.htm

2.1. European Neighbourhood and Partnership Instrument

The ENPI provides EC assistance at a bilateral or regional level to 17 countries: Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, the Republic of Moldova (hereafter *Moldova*), Morocco, the occupied Palestinian territory, Syria, Tunisia, Ukraine and Russia. It comprises a specific cross-border cooperation component covering border regions of EU Member States.

2.1.1. *Bilateral and regional cooperation*

2.1.1.1. Introduction

Relations between the EU and its neighbours are handled within two political frameworks: the European Neighbourhood Policy (ENP) covering relations with 16 of the EU's immediate neighbours, and the separate Strategic Partnership with the Russian Federation.

The ENP seeks to build, together with partner countries, a prosperous, secure and stable neighbourhood on the basis of shared values and common interests, promoting greater prosperity and economic development, better governance as well as common stability and security. The implementation of the 12 ENP Action Plans (jointly agreed with Armenia, Azerbaijan, Egypt, Georgia, Israel, Jordan, Lebanon, Moldova, Morocco, the Palestinian Authority, Tunisia and Ukraine) as well as corresponding bilateral and regional strategy papers provide the main operational tools to achieve this objective.

In 2008, further progress was achieved in key aspects of the ENP. Political and financial cooperation was strengthened as was economic integration. Mobility between the EU and some ENP partner countries was enhanced (pilot project on 'mobility partnership' in Moldova), cooperation on justice and the fight against organised crime improved and transport links strengthened. Progress was also made towards opening EC programmes and agencies to ENP partners⁴¹.

In April 2008, the Commission issued a Communication⁴² on the implementation of the European Neighbourhood Policy, accompanied by a sectoral progress report and 12 country-specific progress reports on the implementation of the ENP Action Plans by the respective countries. The Communication concluded that the ENP has enabled the EU and its partners to make clear progress in deepening their cooperation and in better targeting the needs and ambitions of partners, thus leading to a more differentiated policy for each one.

⁴¹ A Protocol to enable Israel to participate in Community programmes was approved in April 2008. Negotiations for the conclusion of a similar Protocol were launched with Moldova, Morocco and Ukraine

⁴² Implementation of the European Neighbourhood Policy in 2007, COM(2008)164 of 03.04.2008

In 2008, the Union created two further policy frameworks, one each for its southern and eastern neighbours. To complement the ENP and strengthen further the Euro-Mediterranean Partnership, the *Barcelona Process: Union for the Mediterranean*⁴³ was launched in Paris on 13 July 2008. It aims to reinforce the partnership, offering more balanced governance of the process, increased visibility and focus on projects promoting intra-and inter-regional cooperation.

In June 2008, the Commission adopted a report on the first year of implementing the Black Sea Synergy⁴⁴. The BSS complements the bilateral relations with the region and boosts ongoing cooperation, promoting dialogue and coordination at the regional level.

On 3 December 2008, the Commission adopted the Communication proposing an *Eastern Partnership*⁴⁵ to strengthen the links between the EU and the six eastern ENP partners, reinforcing the bilateral agenda in the context of the ENP and establishing a new framework for multilateral cooperation.

The separate relationship between the EU and the Russian Federation continued via the Strategic Partnership and its four Common Spaces (economic cooperation; freedom, security and justice; external security; research and education including culture). Negotiations for a new overall EU-Russia agreement are ongoing.

Implementing the comprehensive EU cooperation agenda with the ENP partners and Russia has been supported since 2007 by the European Neighbourhood and Partnership Instrument. This supports a wide range of cooperation activities. These include the 15 bilateral assistance programmes, the main part of EU financial assistance to the Palestinian Authority, key regional initiatives and projects in the south and in the east as well as the cross-border cooperation programmes at the external border of the EU. In 2009 the ENPI programming documents will be subject to a mid-term review.

In 2008, the Neighbourhood Investment Facility (NIF) was established to pool grants from the Community and the Member States so as to leverage investments in partner countries provided by the European public financing institutions. Lending operations supported through the NIF focus on the priorities set by the agreed ENP Action Plans mainly in the transport, energy, environment and social sector. In 2008, the Facility approved 15 projects for financing with a total NIF contribution of €71 million. This leveraged loans from European financing institutions worth approximately €1.65 billion. For the period 2007-2013, the Commission has earmarked a total of €700 million for the NIF. In addition, the Member States have to date pledged €37 million in direct

⁴³ Now called "Union for the Mediterranean"

⁴⁴ COM(2008) 391 of 19.06.2008

⁴⁵ COM(2008) 823 of 03.12.2008

contributions to the NIF Trust Fund managed by the EIB, for the period 2008-2010.

Cooperation in the field of higher education continued through the programmes Tempus IV and Erasmus Mundus External Cooperation Window.

2.1.1.2. Aid effectiveness and donor coordination

Donor coordination is further improving in ENPI partner countries, especially with the introduction of sector budget support (SBS) in place of project funding. This results in increased ownership of reforms by recipient governments. Donor coordination is central to the whole SBS approach and Commission experience emphasises the importance of a clear government-led management and coordination framework for a given sector.

In Armenia and Azerbaijan, the opening of fully-fledged Commission Delegations in 2008 is further enhancing donor coordination and aid effectiveness in these countries.

Ukraine has established a Donor-Government Working Group for each sector as part of its coordination commitment under the Paris Declaration. Other facilities like the establishment of a Cabinet-level or Minister-level *Bureau of European and Euro-Atlantic Integration* should improve dialogue and coordination not only with the Commission and Member States, but also with other donors. In addition, the Commission has developed a matrix of all EU technical and financial cooperation activities with Ukraine, including those of the Commission and Member States. The preparation of a sector budget support in environment, to be financed under the 2009 Annual Action Programme, is being done jointly by the Commission and Sweden.

The Commission was active in sector working groups in Moldova on health and social protection. These groups were led by the respective ministers and, in some cases, co-chaired by the Commission Delegation. They took a sector-wide approach, analysing the sector allocations foreseen in Moldova's Medium-term Expenditure Framework 2009-2011, as well as in the main donor projects. The Commission played a leading role in coordinating this sector, through its 2007 SBS for social protection and the 2008 SBS on health.

In Belarus, EU coordination with major donors was actively promoted. Following seminars organised by the Commission, in cooperation with the UNDP, Belarus has announced its interest in signing the Paris Declaration.

Improved coordination and donor effectiveness is further illustrated, by the example of assistance to the occupied Palestinian territory with the smooth

transition from the Temporary International Mechanism (TIM) to PEGASE⁴⁶ between February and March 2008. The TIM was established in June 2006 by the Commission at the request of the Quartet⁴⁷ and of the European Council to maximise support from international donors. Building upon the TIM, PEGASE was launched on 1 February 2008 to support the three-year Palestinian Reform and Development Plan and channel funding from a wide range of donors, helping to optimise the use of overall external assistance to the Palestinian people.

The NIF represents a practical step towards donor coordination, the division of labour among donors and harmonisation of procedures. By enabling joint European operations, the NIF generates greater donor coherence and coordination in line with the objectives of the Paris Declaration and the Accra Agenda for Action, bringing greater visibility to the European dimension of external cooperation.

2.1.1.3. Working towards the MDGs

Helping to achieve the UN Millennium Development Goals is one of the objectives of the ENPI. For instance, the substantial sector budget support (SBS) programme on Vocational Education and Training (VET) in Armenia explicitly supports its poverty reduction strategy. In Ukraine and Belarus, a number of major gender equality projects (MDG 3) have been launched, along with two initiatives to combat HIV/AIDS (MDG 6). The action programme for Belarus focused entirely on environmental sustainability (MDG 7). A project involving Moldova, Ukraine and Russia to protect the Eurasian steppe ecosystems also focused on environmental sustainability. Other significant programmes in the region also concentrated on the environment. In Azerbaijan, an EC-funded project led to the adoption of a social assistance master plan. Comprehensive healthcare programmes in various partner countries contributed to MDGs 4 and 5. In any case, it can be said that virtually all ENPI external assistance contributed directly or indirectly to reducing poverty and reaching other MDGs.

The same applies to southern neighbours. Reducing extreme poverty and providing basic social services (MDG 1) for the population were aims actively pursued in 2008 in the occupied Palestinian territory, as well as in Lebanon, where the Palestinian refugee camp of Nahr el Bared needs to be reconstructed. Equitable access to healthcare will gradually be developed in Algeria and Morocco through health sector reform support programmes. In Egypt, the improvement of water quality and waste water treatment will be reinforced through the IWSP Programme, while the education sector programme will increase access to education, particularly for disadvantaged children (MDG 2). It

⁴⁶ Mecanisme "Palestino-Europeen de Gestion et d'Aide Socio-Economique"

⁴⁷ The Quartet on the Middle East consists of the United States, Russia, the European Union, and the United Nations

is also expected that women's rights will be strengthened and that their conditions will be improved through a project to promote civil society development and raise the level of human rights protection in Egypt (MDG 3). Sustained EC support to Libya in the field of AIDS/HIV prevention and care reflects, along with other measures to combat infectious diseases, the attention paid to the achievement of MDG 6.

2.1.1.4. Regional cooperation and integration

ENPI programmes for regional cooperation play an important role in fostering cooperation between countries on issues of mutual interest, both in the East and the Mediterranean basin. Regional cooperation facilitates policy dialogue, builds synergies, promotes the sharing of experiences and creates networks between people in the EU and the partner countries.

In 2008, the political dialogue between the EU and its partners progressed, with a number of successful ministerial conferences on key areas of cooperation such as the environment, health, culture and infrastructure investments.

Cooperation with Mediterranean partners

In 2008, €85 million were made available for new regional initiatives in the Mediterranean region. Four new projects were identified and launched in line with the main priority areas of the Union for the Mediterranean. They concern the environment, transport, energy and infrastructure investments.

Recognising the region's growing environmental problems, the EU and its partners are addressing the issue of water scarcity and quality by initiating a reform of environmental standards and investing in infrastructure. The next steps will be to improve governance, strengthen capacities and develop a sustainable Mediterranean Environment Reporting Mechanism.

One of the greatest potentials for energy saving can be found in the construction sector. An ongoing project (MED-ENEC) will be continued to provide assistance to partner countries to control their energy consumption in this sector. It will explore how energy needs, particularly for cooling purposes, can be satisfied by energy efficient solutions combined with greater use of solar energy. Further support to renewable energy and energy efficiency is also provided through a project on the integration and the security of the Euro-Mediterranean energy market (MED-EMIP). Furthermore, market integration in both the electricity and gas market has continued to receive support in 2008 in the Mashreq and the Maghreb sub-regions.

To support the economic and social development of the region, the Commission encourages the creation of a regional Euro-Mediterranean transport infrastructure network allowing more functional and efficient transport connections between the two shores of the Mediterranean. A new initiative will

consolidate the political dialogue, carry out analyses on regulatory reform, infrastructure planning and assessment of financing needs and support the implementation of priority projects.

Particular efforts will be made to create the *Motorways of the Sea*. Economic development and innovation will also be encouraged through the creation of a Euro-Mediterranean information society. A new project will foster the establishment of a harmonised and investment-friendly enabling environment in the electronic communications sector.

In 2008, the Commission also continued to support civil society initiatives in favour of the Middle East peace process through a new allocation for the *Partnership for Peace* programme, which encourages cooperation between Israeli and Arab people through a number of civil society initiatives. Finally, the Commission has continued to support the Facility for Euro-Mediterranean Investment and Partnership (FEMIP), with an additional €32 million allocated in 2008. Seven new risk capital operations were contracted by the EIB in 2008 for a total amount of €60 million. More than €10 million was approved for technical assistance operations which support FEMIP operations such as environmental projects, as well as investment funds.

Cooperation with eastern partners

In the framework of the Baku Initiative, INOGATE and TRACECA programmes continued to support policy dialogue and capacity building in the energy and transport sector.

New regional projects with the EU's eastern neighbours received €45 million funding in 2008. These include a project to reduce environmental risks and pollution and to promote more sustainable use of natural resources in the region, as well as to improve the management of waste. Furthermore, a project was launched in 2008 to assist partner countries in preparing for post-Kyoto negotiations.

On energy, a new project under INOGATE's umbrella is to develop energy efficiency in the building sector so as to help partner countries reduce their dependency on fossil fuels and improve security of their energy supply. As regards the strategic issue of energy supply, the Commission supports investigations into the development of a Trans-Caspian–Black Sea gas corridor. Both suppliers and consumers of gas have an interest in securing and diversifying their gas supplies. The next step is to develop the proposal for a "Caspian Development Corporation" and subsequently to identify infrastructure needs associated to a new gas supply route.

The continuation of the European Union Border Assistance Mission to Moldova and Ukraine (EUBAM) was also financed in 2008

The Eastern Partnership initiative, launched by the Commission in December 2008, will strengthen the multilateral framework to the EU's relations with its partners. This includes four thematic platforms intended to foster links among the partners themselves and with the EU as well as flagship initiatives to mobilise multi-donor support.

It is planned also to launch an Eastern Partnership Culture Programme with the aim of strengthening the capacity of cultural operators, fostering regional links and contributing to the development of inclusive cultural policies in partner countries.

2.1.1.5. Implementation

The European Neighbourhood and Partnership Instrument entered its second year in 2008 and implementation is now well underway. A total of €1.7 billion was committed for the EU's 17 eastern and southern neighbours from the 2008 EC Budget and the respective annual action programmes were adopted (except for Russia).

Eastern Neighbourhood

In the eastern ENPI countries, the bulk of funds went into sector budget support programmes, except for Russia and Belarus, where there is no budget support.

A European Commission Delegation was opened in Armenia in February 2008. The 2007 SBS programme started in the domain of Vocational Education and Training, supporting Armenia's poverty reduction strategy and boosting job creation. The 2008 SBS programme concentrates on justice reform. It aims to help restore the trust of the population toward the courts and judges and to improve the quality of, and achieve better access to, justice. Further SBS was provided through the ongoing Food Security Programme. The TAIEX facility has begun to be extensively used and the first Twinning projects were launched in the field of economy and justice. The Commission has also extensively supported civil society and NGOs. Further projects focused on the environment, nuclear safety and migration.

A Commission Delegation was also opened in Azerbaijan. It is scheduled to be fully staffed by mid-2009. EC-funded projects successfully supported the reform of the social protection system, and set up an integrated border management model on the border with Iran. Forthcoming technical assistance projects will seek to improve the investment and export climate, strengthen the capacity of the Ministry of Economic Development and enhance the vocational education and training system. The 2007 SBS on energy will start in 2009 after late signature by the authorities. The first three Twinning contracts were signed in 2008 and two other Twinning projects were awarded. Two new projects were launched. Five more projects are already in the pipeline. TAIEX continued but was

underused, while the Sigma programme was launched with a focus on public administration reform and public internal financial control.

The focus of assistance to Belarus was on continued support to young Belarusians in higher education, with sizeable contributions for the benefit of students enrolled at the European Humanities University, which is in exile in Vilnius, Lithuania, for political reasons. Dialogue was enhanced with the administration in the areas of energy, customs, agriculture and transport. Application of the 2007 action programme to support the implementation of a comprehensive energy policy will start in 2009. The Commission has also adopted an action programme to support Belarusian environmental policies. Other projects dealt with promotion of human rights, support for democratic electoral and political processes and mitigating the consequences of the Chernobyl catastrophe. TAIEX was successfully launched following the official appointment of the National Contact Point (NCP). For the time being, Belarusians have expressed no desire for Twinning projects and the possible introduction of Sigma would be premature.

Georgia became a particular focus of attention following the crisis in August 2008. A comprehensive assistance package of up to €500 million over three years was then pledged by the Commission. Of these funds, the Commission allocated more than €60 million in 2008 via EuropeAid to support internally displaced persons (IDPs) in Georgia. This was targeted budget support under the ENPI, complementing support provided by the Directorate-General for Humanitarian Aid and assistance given under the Instrument for Stability. The action supported the Georgian Government's strategy to create the conditions for the dignified and safe return of IDPs and to provide decent living conditions for the displaced population and their participation in society. In addition to these special measures, populations were assisted through the ongoing Commission rehabilitation programmes to support the Georgian-Abkhaz and Georgian-Ossetian zones of conflict. Sector budget support in Georgia continued with the food security programme and started in the area of public finance management. A further SBS programme was signed on criminal justice reform. In other domains, traditional assistance projects concentrated on health care, environment, anti-trafficking or on reform of various public administration sectors. New instruments, such as TAIEX⁴⁸, Twinning and Sigma⁴⁹ were successfully introduced.

In Moldova, the 2007 SBS programme in support of the social assistance sector was launched (including a cash-benefits system for the very poor), to be followed by a programme concentrating on the health sector. The SBS food security programme was continued, while the Commission funded a Centre for Veterinary Diagnosis as the new Moldovan reference laboratory for testing

⁴⁸ Technical Assistance Information Exchange
⁴⁹ Support for Improvement in Governance and Management

exports and imports of animal-origin products. Other projects concentrated on justice reform, health care, the environment, democratisation and border management. The first Twinning project, supporting the Moldovan Parliament, is being implemented.

While the Russian Government has not formally endorsed the ENPI bilateral indicative programme (2007-2010), cooperation principles have been agreed. Bilateral projects along the four Common Spaces, nuclear safety and the ENPI cross-border cooperation programme are the main elements in this cooperation. CBC has been well received as a sign of commitment to mutual cooperation, and Russia has decided to provide substantial co-financing. Positive results were also achieved in the Northern Dimension Environmental Partnership with a €10 million contribution from the EC following €20 million contributed by Russia. Important progress was made with regard to the North Caucasus special programme (which focuses on health care, education and job creation) and other priority programmes in education, civil society support and culture.

In Ukraine, the first financing agreement for budget support in the energy sector was signed and the programme launched. Policy dialogue was enhanced on energy efficiency, removal of trade barriers, transport and environment with a view to preparing further budget support operations. Furthermore, dialogue on a sector-wide approach in the area of judiciary reform has started. As for project assistance, priorities were nuclear safety, border management and support for sustainable regional and local development. The number of Twinning projects is increasing (10 projects running at the end of 2008, five projects launched and 15 in the pipeline). TAIEX continued and Sigma was launched with a focus on critical areas like public procurement and reform of public administration.

Southern Neighbourhood

In the Southern ENPI countries, the thrust was towards economic diversification and support for investments and competitiveness in Algeria, Jordan, Lebanon, Morocco and Tunisia; health sector reform in Algeria and Morocco; education reform in Egypt; and reform in the field of justice in Jordan and Lebanon. A substantial proportion of the assistance took the form of sector budget support programmes (62% of bilateral assistance commitments in 2008). In several countries, new resources were made available to support the implementation of their Association Agreement with the EU and the Action Plan, mainly through Twinning projects.

Cooperation with Algeria was boosted by the signature in 2008 of a road map for implementing the Association Agreement. The joint document identifies a number of priority areas for intensifying cooperation, such as economic reform, trade, energy, mobility and the fight against terrorism. Two financing agreements were signed early in the year to ensure the follow-up of programmes related to small and medium-sized enterprises (SMEs) and the justice sector. In

addition, the Commission launched an annual action programme which focuses on health sector reform and economic diversification.

Egypt is one of the main beneficiaries of ENPI-South funds. The assistance underlines continuing EC support for Egypt's social, political and economic reform agenda. A large proportion is targeted at the Transport Sector Policy Support Programme to help establish an efficient, competitive, safe and sustainable multi-modal transport system. The 2007 education sector policy programme was reinforced, and the Commission contributed to a significant multi-donor effort to improve water and waste-water services for millions of people. Actions are also being undertaken to strengthen civil and political rights, women and children's rights and environmental rights. EC-Egypt cooperation also consists of helping the Egyptian government to improve governance in the public administration.

Concerning Israel, a first bilateral allocation for 2007-2008 was made available under the ENPI to encourage regional cooperation and the opening of a regular political dialogue on issues of common interest. This allocation aims at promoting the approximation of Israeli norms and standards to those of the EC through the institutional Twinning tool. So far, two Twinning projects have been selected in the fields of data protection and urban transport.

In Jordan, the Commission continued to support the government's extensive reform efforts in the framework of the national agenda and of the EU-Jordan Action Plan. The 2008 National Financing Plan focuses on the private sector through two large projects, the Trade and Transport Facilitation Programme and the Support to Enterprise and Export Development Programme. The reform of the criminal justice system, the fight against corruption and the fight against radicalisation are other areas of activity. Four Twinning projects were contracted in the field of human rights, security, energy and environmental legislation. The TAIEX instrument continued to be used by Jordan in 2008.

In Lebanon, cooperation was targeted at the modernisation of the justice system, so as to improve the efficiency and the transparency of case handling in Lebanese courts, in particular by introducing IT into management processes. The project will also allow the Judiciary Studies Institute to provide training for judges who face an evolving legal environment. In the poorest part of northern Lebanon, the development of sustainable agricultural practices is being promoted to alleviate the economic consequences of the conflict in the Nahr el Bared area. The project will involve the local population in decision-making processes.

With regard to Libya, the Commission made available another €4 million in support of the HIV/AIDS Action Plan for Benghazi. The project will no longer be limited to the Benghazi region, but extended to the whole country. It will also address other infectious diseases.

The 2008 programme for Morocco covers the three main pillars of EC/Morocco cooperation:

- progress towards democracy and the rule of law, with projects in the fields of human rights and institutional reinforcement;
- support for economic growth through budget support programmes aiming at fostering energy reform and improving the investment climate; and
- strengthening social cohesion with a new budget support programme in the field of health.

Aid provided to the occupied Palestinian territory was channelled mainly through TIM and PEGASE. Through this latter mechanism, the EC made available a total of €309 million to cover the recurrent expenditures of the Palestinian Authority (Palestinian administration and services, non-salary costs of social ministries, Palestinian social protection system, provision of essential public services – including energy and water – and arrears to the private sector). It also covered technical assistance and equipment in key sectors for the Palestinian Reform and Development Plan and public infrastructure development. In East Jerusalem, as in 2007, EC assistance was used to support social initiatives. In addition, the Commission continued to support UNRWA⁵⁰, with a contribution of more than €75 million. Another ongoing programme is the Partnership for Peace, which aims to rebuild mutual trust through reconciliation measures. Altogether, the resources made available to the Palestinian people in 2008 amounted to €498 million.

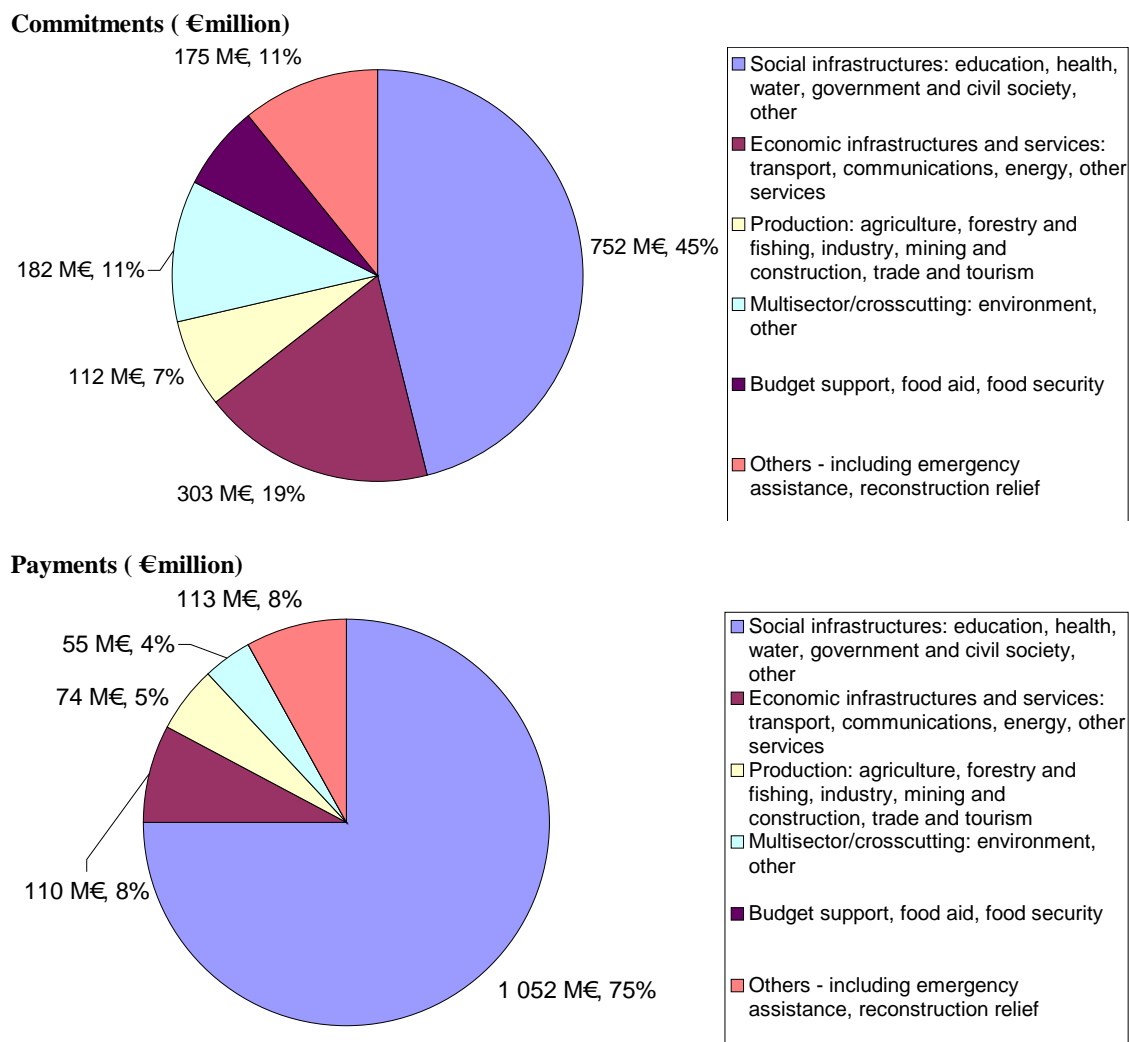
Assistance to Syria focuses on public finance reform. The objective is to help Syria to improve its fiscal system and to streamline public finance management. Support for secondary education reform was also made available in order to respond to the needs of Syrian society and to reinforce the development of its market economy.

Within the framework of the annual action programme for Tunisia, the Commission pursued its support for the economic sector. This follows the opening up of the Free Trade Area for industrial products in January 2008 and it is expected to boost the integration of the Tunisian and EU markets. Two complementary actions are to be implemented: a programme to reinforce business competitiveness and another to foster economic integration. Reforms regarding the macroeconomic sector and the business environment are expected to be undertaken in parallel, while other measures are designed to enhance the competitiveness of the national production system.

⁵⁰

United Nation Relief and Works Agency for Palestine Refugees in the Near East (UNRWA)

Figure 1 ENPI - Breakdown by sector of external aid financed on the General Commission Budget managed by EuropeAid in 2008



Bilateral and Multilateral ODA (EuropeAid only).

**Figure 2 ENPI - External aid financed on the General Commission
Budget managed by EuropeAid**

€ million	2007	2008
Commitments	1 666	1 773
Payments	1 412	1 530

Bilateral and Multilateral flows (EuropeAid only).

Figure 3 ENPI - General and sector budget support per country

Commitments 2008 (€ million)

Country	GBS / SBS	Sector	Description	Total
Morocco	GBS	General budget support	Investments and exports support programme	60
Tunisia	GBS	General budget support	Economic integration support programme	50
Armenia	SBS	Government and civil society	Support to justice reform in Armenia	18
Azerbaijan	SBS	Government and civil society	Justice reform support programme	16
Egypt	SBS	Education	Education sector policy support programme- additional commitment	20
Egypt	SBS	Transport and storage	Targeted support for sector reforms-transport	80
Georgia	SBS	Government and civil society	Support to the reform of criminal justice system in Georgia	16
Georgia	SBS	Emergency response	Support to Georgia IDPS action plan: 2008 part I	10
Georgia	SBS	Emergency response	Support to Georgia IDPS action plan: 2008 part II	51.5
Jordan	SBS	Trade policy and regulations and trade-related adjustment	Trade and transport facilitation programme Jordan	33
Moldova	SBS	Health	Health sector policy support programme	46.6
Morocco	SBS	Health	Sectoral support programme to reform of the Moroccan health system	64
Morocco	SBS	Energy generation and supply	Support programme for reform of the Moroccan energy sector	76.66
Ukraine	SBS	Energy generation and supply	Support to the implementation of Kkraine strategy in the area of energy efficiency and renewable sources of energy	70
Ukraine	SBS	Trade policy and regulations and trade-related adjustment	Promoting mutual trade by removing technical barriers to trade between Ukraine and the EU	45

GBS : General Budget Support

SBS : Sector Budget Support

2.1.1.6. Monitoring

The figures in this section come from the Results Oriented Monitoring System (ROM), which evaluates the impact of projects on development. The methodology is described in detail in Chapter 4.

Five monitoring criteria are used in this exercise: quality of design, efficiency, effectiveness, impact prospects, and potential sustainability.

In the Eastern ENPI region, the positive trend in the region continued, with a good overall average of 2.87 out of a possible total of 4. In all, 220 projects (35 regional and 185 national) were monitored, representing a budget of more than €430 million. Overall, ENPI-East demonstrates excellent impact and sustainability (2.95 and 2.91). However, in the Caucasus, financial and economic viability remains problematic, with institutional shortcomings in the support provided to projects after external assistance has ended.

The economic infrastructure and services sector scored best with 2.91. The production sector score, although lower, was still well above target (2.81). The lowest performing area, while still on track with 2.59, was the multisectoral cross-cutting one. This area includes two thirds of regional programmes, which on average tend to have a lower rating than national projects due *inter alia* to the difficulty to raise national ownership for this kind of operations.

Figure 4: ENPI East - Project monitoring results per ODA sector

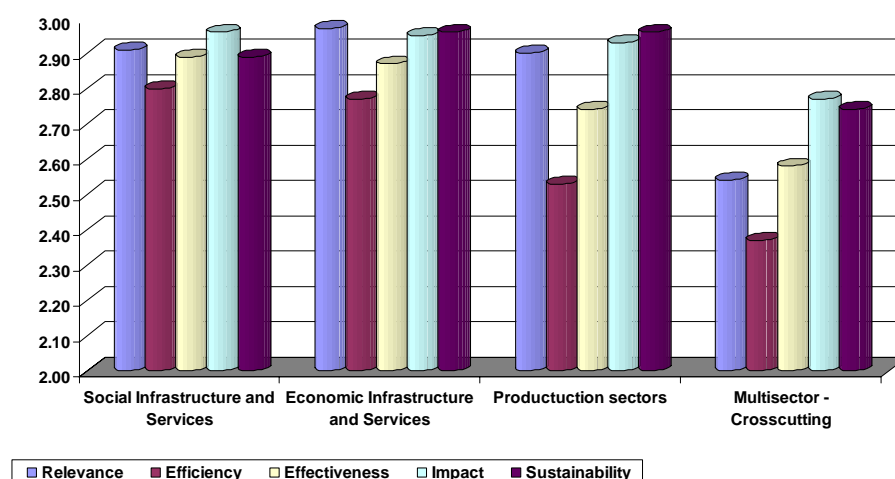
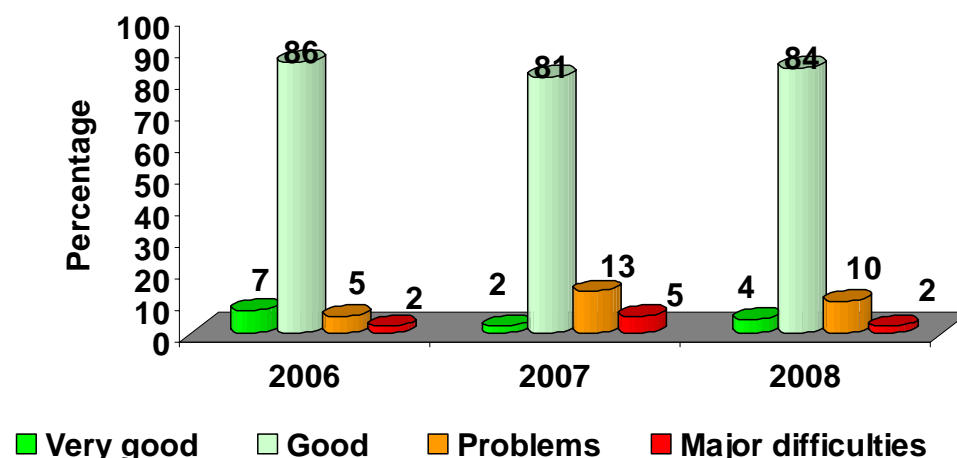


Figure 5: ENPI East - Performance of ongoing projects



In ENPI-South countries, 157 projects⁵¹ with a total value of €1.65 billion were monitored and 154 monitoring reports were produced. Of these projects, 47 were regional and 110 national.

Although overall project performance (2.83 in 2008) in this region has shown an increase since 2002 (from 2.65), it was marginally lower than in 2007 (2.89).

The social infrastructure and services sector, which is the largest one, representing more than half the resources allocated, performed very well, with an average score of 2.91, compared to the average of 2.83 for ENPI-South as a whole. The best performing sector is the production sector with a rating of 2.93. It covers 16 projects with a total value of €288 million. Though still in the 'good' category, economic infrastructure projects are the poorest performers with an overall average of 2.64 in 2008.

Figure 6: ENPI South -Project monitoring results per ODA sector

⁵¹ For 3 projects Monitoring Notes were produced.

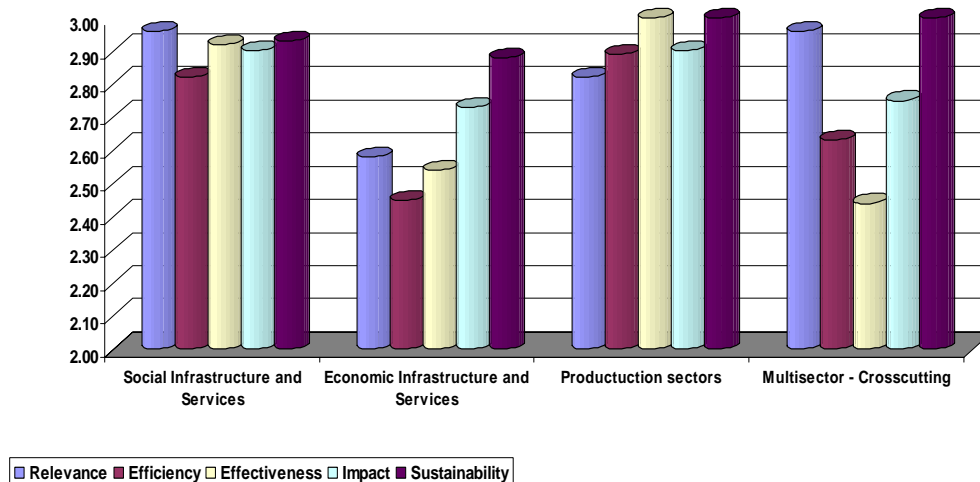
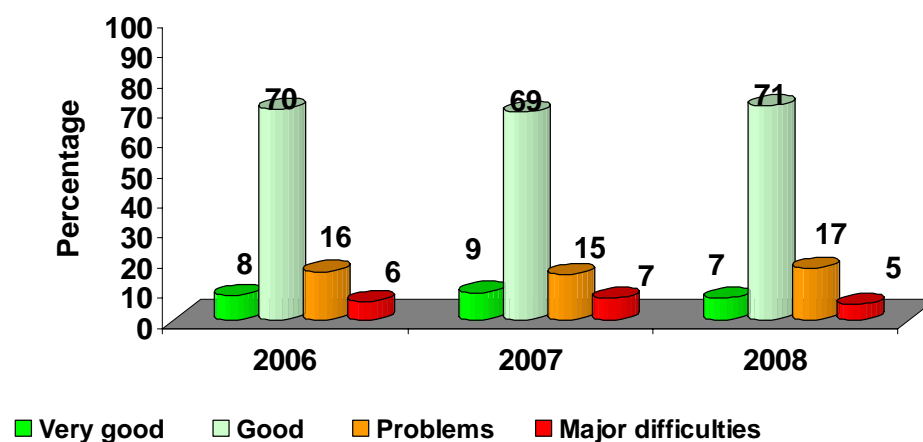


Figure 7: ENPI South - Performance of ongoing projects



2.1.1.7. Results

In ENPI-East countries, a major achievement was the start of the first sector budget support programmes, after a successful transition period needed to make effective use of the new ENPI toolbox.

The European Commission was effective and quick in its reaction to the Georgian crisis in August 2008. After pledging a €500 million assistance package over three years, the Commission managed to allocate over €60 million of those funds through the ENPI before the end of 2008 in support of internally

displaced persons in Georgia. This complemented EC humanitarian aid and assistance given under the Instrument for Stability for the UN flash appeal⁵².

An example of sector budget support in Eastern Europe is in Moldova, where the Commission managed to stabilise the Moldovan budget at a time of growing global and regional financial crisis via macro-financial assistance and budget support. Part of these funds explicitly targets the very poor through a new social assistance cash-benefits system.

In the South Caucasus, Commission support for the Armenian VET (vocational education and training) sector has made refurbishment of VET centres possible and laid the basis for a comprehensive national VET structure. The follow-up phases will create an even closer link to the labour market and its need for a qualified work force.

The three demand-driven institution-building instruments, Twinning-TAIEX-Sigma, are now welcomed by most neighbourhood countries and Russia, with countries using at least one of the three. The activities funded have steadily increased and their implementation has grown accordingly.

In ENPI-South countries, cooperation with Morocco achieved excellent results in 2008, as illustrated by the level of payments (€224 million). This figure is very close to the amount of commitments (€228 million), which was itself exceptionally high in 2008 due to a rescheduling of financial commitments between 2008 and 2009. Two thirds of this total concerned budget support operations. Good performance and a relatively high absorption capacity are two of the justifications for the EU decision to grant Morocco 'advanced status'.

The Temporary International Mechanism (TIM) established at Commission initiative to respond to the difficult situation in the occupied Palestinian territory, was operational from June 2006 to March 2008. It allowed direct financial assistance to be provided to more than one million people. Using three separate 'windows', the TIM set up systems to provide essential supplies and services, as well as social allowances to public service providers and vulnerable Palestinians. This mechanism was also successful in mobilising Member States' support (€185 million from the total of €643 million managed through the TIM). In the first quarter of 2008, PEGASE replaced TIM, with the aim of moving gradually from emergency assistance to development and institution-building support to the occupied Palestinian territory.

52

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/08/645&format=HTML&aged=0&language=EN&guiLanguage=en>

2.1.1.8. Prospects

Based on the lessons learned from previous external assistance programmes and instruments like Tacis and MEDA, the European Neighbourhood and Partnership Instrument clearly improves the quality of Commission support in many ways, making it more coherent and efficient.

In line with these improvements, the period of transition in eastern ENPI countries away from project-based programmes to the greater use of sector budget support (now more than 50% on average) ended in 2008. The first SBS operations have begun, and this approach will determine EU external assistance to its eastern neighbours in the coming years. The principle of focusing on fewer priorities (or, in most cases, on a single sector per year) has been respected as planned, and will contribute to more efficient utilisation of available funds. The assistance priorities reflect the objectives of the national indicative programmes 2007-2010 for each partner country, effectively driving the process in accordance with the European Neighbourhood Policy and therefore increasing coherence.

This means that from 2009, in Ukraine for example, the Commission will pursue sector support operations on agreed priorities like the environment sector, with active support from Sweden in the design, implementation and the monitoring of this operation. Forthcoming programmes could focus on the transport sector, the judiciary and border management. Similarly, in other ENPI-East countries, the Commission will embark on sector support programmes tailored to each country's needs and in line with the EU's external assistance strategy. In addition, in Armenia, a team of high-level experts drawn primarily from Member States' administrations will be funded to further assist the Armenian Government in promoting its reform agenda and meeting the objectives of the Partnership and Cooperation Agreement as well as of the ENP Action Plan. As for Georgia, the Commission will continue to implement the €500 million assistance package and pay close attention to the aftermath of the August 2008 crisis. From 2009, SBS programmes in Georgia could focus on the VET sector.

In addition, the Commission has proposed the new Eastern Partnership which comes with additional financial assistance – a substantial increase from €450 million in 2008 to €785 million in 2013. This means the addition of €335 million to the planned resources for 2010-2013. Moreover, €250 million already allocated to the ENP regional programmes will be redeployed. The activities of the Eastern Partnership will include the following flagship initiatives for the coming years: the integrated border management programme; an SME facility; promotion of regional electricity markets, energy efficiency and renewable energy sources; development of the southern energy corridor; and cooperation on prevention, preparedness for and response to natural and man-made disasters.

In the southern ENPI region, cooperation with Algeria is expected to improve further in 2009, with the launch of the first Twinning projects. Moreover, the 2009 annual action programme focusing on 'employability', will be the first to include a sector policy support programme (SPSP). Concerning Morocco, the 'advanced status' granted by the EU in 2008 is likely to modify the content of bilateral cooperation for the 2011-2013 period, for which programming missions will be launched from 2009. In Tunisia, actions are foreseen in the fields of education/employment and research and innovation. Looking ahead in Egypt, the EC is preparing an extensive programme of support to the health sector. In Jordan, a large employment and vocational training programme will be the focus of the assistance in 2009, which seeks to match employment market needs with the skills offered. The 2009 objectives for Lebanon include the reinforcement of human rights and democracy, support for the reform priorities set out in the National Reform Programme and in the joint EU-Lebanon ENP Action Plan. In December 2008 the Association Agreement with Syria was initialed again. This provides encouragement to develop EU-Syria relations in the coming years. Actions planned for 2009 include a health sector modernisation programme (Phase II), assistance for decentralisation and local development and support for social protection reform. For 2009 it is expected that PEGASE will still be the main channel for providing support to the occupied Palestinian territory. Already in late 2008, €168 million were made available to cover the recurrent expenditures of the Palestinian Authority, together with €67 million to continue assisting UNRWA.

The 100th ENP Twinning project will be launched in 2009 with a further 180 or so at the identification stage. This shows that Twinning has become a priority for ENP countries in their cooperation with the EU. For the first time, Twinning projects will be operational in Algeria (covering three Maghreb countries) and Armenia (covering three Caucasus countries).

In the case of Armenia, Georgia and Israel, the appointment of a National Contact Point for TAIEX has proved useful for the introduction of the Twinning instrument as well as for Sigma operations. A similar scenario is expected notably in Belarus in the future. Moreover, the introduction of Sigma will help strengthen human resources within public administrations enhancing their participation in Twinning projects in terms of ownership and sustainability.

The Neighbourhood Investment Facility (NIF) will continue in 2009, providing funds for a new series of infrastructure projects. The NIF, as a key financing tool, will support new ENP initiatives adopted in the framework of recent regional or multilateral processes like the Union for the Mediterranean, the Black Sea Synergy and the Eastern Partnership.

In addition, support for the private sector through the EIB's Facility for Euro-Mediterranean Investment and Partnership will remain crucial in 2009 in the current context of the global financial crisis.

2.1.1.9. Success stories

Budget support in Morocco

In recent years, the Moroccan government has embarked on an extensive reform programme. This initiative, combined with good management of government spending and macroeconomic stability, created a favourable environment for the use of budget support programmes. The Commission allocated €682 million to Morocco under its national indicative programme for 2007-2010.

Budget support programmes for human development, the elimination of illiteracy, public administration reform and health insurance for the most deprived began in 2007. In 2008 and 2009, four budget support programmes targeting health, education, energy and private sector development (to support investment and export capacities) were also approved. Budget support facilitated coordination between donors and government for key governmental reform programmes, particularly the public administration reform plan (PARAP) and the education and health sector reform programmes.

Consumer Society and Citizen Networks (CSCN) project, Ukraine

The CSCN project is a joint initiative of the EU and the UNDP. Its goal is to increase the role of civil society in Ukraine. Specifically, CSCN promotes access of citizens to information on product safety, consumer rights, and to the results of independent product testing. It also encourages wider public discussion of challenges facing consumers in Ukraine. The CSCN project has organised a number of consumer awareness campaigns. These included: "Fast food - fast help!" drawing attention to the potential health risks associated with too much fast food, especially for youngsters; "What hides behind the E", a campaign encouraging consumers to pay more attention to the additives in food; and the "Anything Fishy" campaign which encouraged consumers to check the sell-by dates of products. The project also launched a Consumers' information website⁵³.

Eurasian steppes preservation

Ninety percent of the sweeping landscapes of the Eurasian steppes have been damaged. They are now one of the most fragmented and fragile ecosystems in the world. Since 2007, the 'Eurasian Steppe' project is working to save and restore these unique landscapes in Moldova, Ukraine and Russia through an integrated approach involving the populations concerned and promoting cooperation between these three countries. It develops mechanisms and instruments for sustainable agriculture, and helps restore the socio-economic, historical and ecological value of steppe resources. The project has set aside one million hectares of land to be developed as a steppe conservation area. It is

⁵³

www.consumerinfo.org.ua

working with pilot farms to support sustainable agriculture and develop ecotourism.

Energy efficiency in the Mediterranean

Energy efficiency and renewable energy can help reduce energy dependency and mitigate the environmental impact of extensive energy use on climate change. The MED-ENEC regional project encourages energy efficiency in the building sector in the Mediterranean region. It focuses on slowing down the growth of electricity consumption, particularly from air-conditioning installations, by encouraging insulation, natural ventilation, bio-climatic design and the use of solar thermal energy. It reinforces institutional capacities and public awareness, and promotes better incentive measures and construction standards. Ten energy-efficient pilot projects have been launched in Israel (green community building), Turkey (training & scientific research centre), Jordan (urban villa with solar cooling), Morocco (urban building at National School of Architecture), Lebanon (refurbishment of a hospital), Egypt (solar cooling), Algeria (rural house), Syria (low-income housing), Occupied Palestinian Territory (geothermal systems), and Tunisia (eco-hotel). These pilots are now used for full-scale replication in hospitals or larger building programmes.

2.1.2. Cross-border cooperation

Cross-border cooperation is the new tool of the European Neighbourhood and Partnership Instrument to enhance cooperation between Member States and partner countries across the external border of the European Union.

Fifteen CBC programmes along the EU's eastern and southern borders (nine land border, three sea crossing and three sea basin programmes), were identified in the CBC strategy paper adopted in March 2007. The first one was already adopted in 2007. The main challenge in 2008 was to finalise the remaining programme documents by the 30 June deadline. By that date, 13 programmes had been submitted. They were all adopted in the second half of 2008 with the exception of Spain-Morocco and CBC Atlantic.

Several programmes (Mediterranean Sea Basin, Black Sea Basin, Baltic Sea Region, Romania/Ukraine/Moldova, Hungary/Romania/Slovakia/ Ukraine) have organised the first management meeting and prepared the first calls for proposals.

Extensive negotiations for the financing agreements have been carried out with several partner countries. Some of them were already signed in 2008 but the majority of the signatures are expected in 2009.

The Commission provides technical support for CBC programmes through two projects: RCBI (Regional Capacity Building Initiative) which organised special

training sessions in 2008 and INTERACT ENPI. The latter will provide the ENPI CBC community with a platform to share expertise and good practice.

2.2. European Development Fund

The European Development Fund provides financial assistance to the EU's 78 partner countries in the African, Caribbean and Pacific group as well as to the Overseas Countries and Territories (OCTs) of Member States.

In 2008, the amount of aid delivered by the European Development Fund continued to increase. The 10th EDF became operational on 1 July 2008, when the revised ACP-EC Partnership Agreement took effect. The 10th EDF has available funding of €22.8 billion for the period 2008-2013. Despite the late entry into force, the Commission was able to approve 62 Annual Action Programmes, including major new budget support operations in 24 ACP states, by year-end. Compared to the previous year, global commitments and payments both reached record levels. During 2008, the Commission put into place new EDF financing for ACP countries and OCTs worth a total of €4.8 billion. This covers commitments for Sub-Saharan Africa under the 10th EDF of around €3.94 billion, including budget support operations of €2.6 billion. In addition to the funds committed at country level, ACP states also benefited from regional cooperation under the EDF, such as a new contribution to the African Peace Facility of €300 million, support for ACP institutions and for the Global Fund to Fight AIDS, Tuberculosis and Malaria.

ACP countries also received significant support from the EC budget through the thematic programmes and instruments available for all developing countries. But they also benefited from specific budget programmes for the ACP. Traditional ACP suppliers of bananas received €46 million of technical and financial assistance to adjust to new market conditions in the banana sector and to support diversification. ACP countries, which were affected by EU sugar reform, received €71 million in payments to support the adaptation process. (See Section 2.3.6. for details of accompanying measures for Sugar Protocol countries).

2.2.1. Africa

2.2.1.1. Introduction

Since the second Africa-EU Summit in Lisbon (December 2007), substantial progress has been made to implement the Africa-EU Joint Strategy. The two partners have deepened their political dialogue and put in place an innovative institutional architecture and working arrangements necessary to expand and consolidate their mutual cooperation. The innovative joint implementing mechanisms have produced their first tangible results in the eight thematic partnerships of the first Action Plan of the Joint Strategy. Together with Member States and non-institutional actors, the European and African Union Commissions have taken important steps to ensure that the political and

operational commitments of the Action Plan can be achieved before the next Africa-EU Summit in 2010. The new institutional architecture has also enhanced the complementarity and coherence of the European Commission and EU Member States' relations with Africa.

In 2008, the EU-Africa political dialogue was also strengthened on global issues such as the impact of the financial crisis, governance in international institutions and climate change, allowing the EU and Africa to develop a common understanding and joint positions on global challenges.

2.2.1.2. Aid effectiveness and donor coordination

Increasing donor coordination and the division of labour among them have become important instruments for delivering aid in the most efficient way and for ensuring a positive impact on development. In 2008, the Commission continued to cooperate closely with other donors. Burkina Faso, Ethiopia, Ghana, Mali, Mozambique, Tanzania and Uganda are examples of countries where donor cooperation is advanced and where a clear division of labour is sought. In Mozambique, the Programme Aid Partners Group (also referred to as the G19) coordinates agencies providing general budget support. It sets an advanced harmonisation framework and promotes mutual accountability through joint annual performance assessments. In addition, there are sectoral coordination platforms, for example, for health and agriculture. Coordination is formalised through memoranda of understanding and a donors' code of conduct.

For the Southern African Development Community (SADC) region, the Commission continues to be the lead agent for donor coordination in a Joint SADC-International Cooperating Partners Task Force, acting in close liaison with the SADC Secretariat's unit for policy and strategic planning. The main objective of the task force is to improve coordination between donors and SADC in implementing the Regional Indicative Strategic Development Plan.

In Liberia and Niger, the Commission works to establish the division of labour among donors at operational level. The Liberia Infrastructure Rehabilitation Trust Fund, to which the Commission has pledged support, is a good example as is the harmonised effort to strengthen rural development in Niger. In the past, coordinated budget support and pool funding were used. New opportunities for setting up Transfer Agreements (aid received by the Commission in trust from Member States or their agencies) or Delegation Agreements (funds given in trust to Member States or their agencies) are being created. This should help to concentrate the efforts of each donor, including the Commission, on fewer activities, thereby reducing the transaction costs for both donors and the beneficiary countries.

In Cameroon, donors are organised at three levels: at political level involving the Heads of Mission in the 8+6 group⁵⁴; at central level, where the operational coordination takes place through a multi-donor committee composed of heads of cooperation; and at the level of technical thematic working groups. This coordination mechanism aims to implement the Paris Declaration on aid effectiveness and the Accra Agenda for Action by reorganising the working groups and identifying a lead donor for each sector. A comprehensive mapping exercise took place, identifying ongoing programmes, donor participation and levels of financing. On this basis, donors' capacity and relative degree of involvement were evaluated and sector lead donors were chosen.

2.2.1.3. Working towards the MDGs

Population growth and the inability to create enough jobs despite improved economic growth in many countries in Sub-Saharan Africa over the past six years are part of the reason why poverty reduction in the region remains slow. Even though the proportion of people living in extreme poverty, defined as living on less than one dollar a day, has levelled off, this number is likely to increase again as a result of the impact of the financial crisis on African countries. The region is not on track to reach the goal of reducing poverty by half by 2015. Rising food and commodity prices have been hampering growth, threatening to push more people into poverty. Income inequality has risen in many countries and recent concerns about climate change and its adverse effects have further overshadowed development progress in Africa. Developing countries face the worst consequences of climate change and are the least able to adjust. On current trends, most countries in Africa, especially those in fragile situations, will not achieve their MDGs by 2015. The international community will need to do more in favour of Africa to avoid jeopardising the modest progress made towards reducing poverty and reaching the other MDGs.

In 2008, the EC also continued to support health-related MDGs in Sub-Saharan Africa. At country level, the EC supports health sector reform and healthcare delivery approaches that ensure improved access to and the sustainability of basic services. Serious efforts are needed to prevent the spread of poverty-related diseases, such as HIV/AIDS, malaria, tuberculosis and others. HIV rates have been rising since 2001. By the end of 2006, some 39.5 million people worldwide were living with the virus, most of them in Sub-Saharan Africa, where it remains the primary cause of death. Malaria also takes its greatest toll in Sub-Saharan Africa, where more than a million people die each year, most of them children under the age of five. Prevention, however, is expanding. The use of insecticide-treated bed nets among children under five has at least tripled in 16 out of 20 countries in Sub-Saharan Africa since 2000. The Commission channels funds through international organisations such as UNICEF to boost

⁵⁴ Seven EU Member States present in Cameroon and the EC plus Canada, the United States, Japan, the World Bank, the African Development Bank and the International Monetary Fund

anti-malaria efforts in African countries. In addition, it supports international initiatives such as the Global Fund to fight HIV/AIDS, Tuberculosis and Malaria and the Global Alliance for Vaccines and Immunisation.

With regard to the MDG of universal primary education, sub-Saharan Africa lags behind, with a 70% net enrolment ratio in primary school compared to an average of 85% for developing countries overall. A total of 35 million children of primary school-age are still not enrolled in school. But within the region, some countries have made substantial progress. Malawi, Uganda, Tanzania and Kenya, for instance, have abolished school fees, enabling more than one million extra children in each country to enrol in primary school. Poverty is the biggest obstacle to school attendance: children from the poorest households are least likely to attend school.

The Commission provides support for the education sector directly to beneficiary countries through project support (in countries experiencing fragility) and through general and sectoral budget support. In addition, the Commission, along with EU Member States, has been fully involved in the Education for All Fast Track Initiative. The FTI is a global partnership of developing countries, donors and NGOs, which encourages the development of sound education sector strategic plans and the mobilisation of financial and other resources to support their implementation. In this framework, the Commission has contributed since 2006 to the Catalytic Fund, a multi-donor trust fund managed by the World Bank. The purpose of the fund is to provide financial assistance to FTI countries which have a poverty reduction strategy and whose education sector plans have been endorsed by in-country donors, but which experience difficulties mobilising additional external funding. To date, 30 countries have received grants from the Catalytic Fund and donor pledges amount to more than \$1.4 billion.

According to the UN, some 1.6 billion people have gained access to safe drinking water since 1990. However, almost one billion people worldwide are still deprived of access to improved water supplies, 300 million of them living in Sub-Saharan Africa. A total of 450 million lack adequate sanitation services. With the ACP-EU Water Facility, the EC seeks to contribute to achieving the MDG target on water and sanitation. The EC contribution to the Water Facility under the 9th and 10th EDF amounts to some €700 million, which will provide improved access to safe water for 14.5 million people and improved sanitary facilities for some 3.5 million.

To accelerate progress towards the Millennium Development Goals, the Commission, in consultation with the Member States, launched in 2008 an enhanced form of general budget support for seven African countries (Burkina Faso, Ghana, Mali, Mozambique, Rwanda, Uganda and Zambia.). This is called the "MDG-Contract" approach to highlight the contractual nature of its long-term financial commitments and its focus on MDG-related results, notably in

health and education. An MDG Contract is designed to provide more predictable, longer-term budget support that should help beneficiary ACP states to advance towards the targets. The key principles of the MDG Contract are that for six years it will provide a minimum, virtually guaranteed annual level of support; carry out annual monitoring with a focus on results; assess performance in a medium-term framework; and support processes of donor harmonisation and country alignment.

2.2.1.4. Regional cooperation and integration

EC support for regional cooperation and integration continued as part of European efforts to promote growth and development in Sub-Saharan Africa. Particular attention was paid to boosting regional economic integration and trade. This included negotiations on the Economic Partnership Agreements (EPAs). The EU and its partners remain firmly committed to reaching comprehensive EPAs, which include provisions on services and investment and a set of regional trade-related rules.

Together with the Commission, African regional organisations have prepared the 10th EDF Regional Strategy Papers and Regional Indicative Programmes, which were signed in November. From 2008 to 2013, the 10th EDF regional programmes will be the primary instrument of EC support for ACP regional integration organisations. With an allocation of €1.78 billion, the available funding will almost double compared to the 2000-2007 period, reflecting the EU-ACP consensus on the importance of regional issues for development. In cases where a cross-regional approach can add value, funds from the intra-ACP budget will contribute to reinforcing regional integration.

Several actions have been taken to improve the effectiveness and speed up the pace of implementation of regional programmes under the 9th EDF. The Commission is increasingly making use of new instruments, such as contribution agreements, to improve the efficient delivery of aid to its regional partner organisations. In 2009, the Commission will continue the efficient and timely implementation of the 9th EDF regional programmes and prepare new activities under the 10th EDF.

With its regional programmes, the Commission supports initiatives in numerous fields such as economic integration, infrastructure, environment, biodiversity and energy as well as food security. In West Africa, for example, the EC-funded ECOPAS project (*Ecosystèmes protégés en Afrique soudano-sahélienne*) helps to finance the conservation and management of Park West, a National Park, covering more than one million hectares spread over three countries (Niger, Benin and Burkina Faso). In addition, the Commission has successfully stepped up conservation efforts in Central Africa, which is home to the planet's second-largest tropical forest system after Amazonia. The conservation of these forests is crucial to the development of 65 million people, who are heavily dependent on

the forest's resources. The ECOFAC programme (*Ecosystèmes Forestiers d'Afrique Centrale*) aims at development and poverty reduction through long-term conservation and sustainable management of natural resources in seven Central African countries: Cameroon, the Central African Republic, the Democratic Republic of the Congo (DRC), Congo, Equatorial Guinea, Gabon and São Tomé e Príncipe. The programme is ongoing since 1992 and has so far received financial contributions of more than €100 million.

In West Africa, the solar regional programme funded the installation of solar photovoltaic pump systems in nine countries of the region, helping to improve the living conditions of almost six million people by safeguarding the environment and facilitating access to clean water. In eastern and southern African countries, the Regional Integration Support Programme (€33.5 million) is developing the capacity of the Common Market for Eastern and Southern Africa as well as the East African Community and their Member States in policy formulation, implementation and monitoring of the regional integration agenda in addition to multilateral and regional trade. The programme also contributes to economic integration by promoting the adoption of a common external tariff. In the Southern African Development Community, there are several important ongoing projects worth some €80 million, providing support for regional integration and the multilateral trading system. This was a focal sector under the 9th EDF and will continue to receive funding from the 10th EDF totalling €92 million. The EU-SADC Investment Promotion Programme is helping the SADC region to modernise and substantially invest in its productive sector, attracting capital to attain the economic growth rates necessary for poverty reduction. The programme enhances the capacity of regional investment promotion agencies to provide companies with better services and to make the region more attractive to both regional and international investors.

2.2.1.5. Implementation

In sub-Saharan Africa, 36 annual action programmes with a total value of nearly €3.94 billion were approved in 2008. New EDF funding earmarked for national and regional cooperation in Sub-Saharan Africa totalled €2.31 billion in payments.

Budget support

The Commission continued to implement ongoing budget support programmes under the 9th EDF and moved to establish follow-up programmes under the 10th EDF. Budget support programmes provide aid directly to ACP governments. They are linked to clear performance criteria and disbursement conditions, and directly related to poverty reduction strategies and public finance management, thereby providing financial incentives for producing results.

The Commission approved new budget support operations (sector policy support programmes and general budget support) in 22 African countries worth €2.4

billion, corresponding to 96% of the new actions approved in the area of budget support under the EDF during 2008. Several new operations are large-scale budget support programmes in the form of MDG Contracts. In 2008, the Commission approved MDG Contracts for seven African countries (Burkina Faso, Ghana, Mali, Mozambique, Rwanda, Uganda and Zambia). MDG Contracts accounted for 63% (or €1.52 billion) of the budget support operations in Sub-Saharan Africa.

As an example, the EC has been providing general budget support to Burkina Faso since 1991. In 2002, the Commission started disbursing funds in variable tranches measured against performance in social sectors as well as public finance management. Commission disbursement levels have increased steadily to reach an average level of €50 million per year. Overall, budget support now represents 35% of all external financing provided to Burkina Faso. With the introduction of the Poverty Reduction Strategy in the early 2000s, budget support became more focused on social sector results. There has been progress against key social indicators since 2000. Because of its good track-record, Burkina Faso has been selected by the Commission as one of the seven African countries to receive budget support in the form of an MDG Contract. The country will be receiving €320 million over six years, provided it pursues its efforts towards reaching the MDGs.

Implementation of previously-approved operations (mostly from the 9th EDF but also from the 8th EDF) went on at a steady pace. During 2008, the Commission concentrated funds on budget support operations (60%), government and civil society (14%) as well as the health sector (9%). In addition, major new financing was provided for the African Peace Facility (€300 million) and the Global Fund for HIV/AIDS, Tuberculosis and Malaria (€150 million).

2.2.1.6. Monitoring

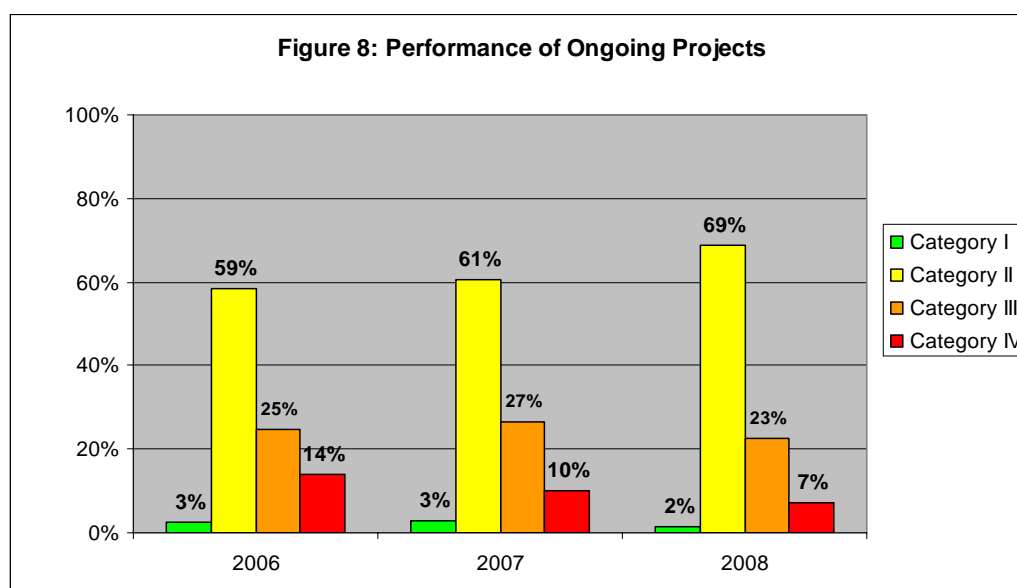
The figures in this section come from the Results Oriented Monitoring System, which evaluates the impact of development projects. The methodology is described in detail in Chapter 4.

From August to December 2008, 138 projects were monitored covering most countries in Sub-Saharan Africa. This did not include regional projects and programmes. Of the operations monitored, 128 were still ongoing, while 10 were the object of *ex post* monitoring. In addition, one EDF-funded agriculture sector policy support programme worth €35 million was monitored in Mozambique as part of an exercise to test a new monitoring methodology for budget support. The total budget of the operations monitored was just under €1.29 billion of which around €1.17 billion were financed from the EDF.

Ongoing operations in Africa showed a generally good performance in 2008, in particular with regard to project design, effectiveness, impact prospects and their potential sustainability, but showed weaknesses in the efficiency of

implementation. The scores of projects subject to *ex post* monitoring revealed unsatisfactory results as to their real impact and their sustainability.

The following graph presents a general overview of the performance of projects which were ongoing over the last three years. Category I represents projects with very good performance, category II projects with good performance, category III projects performing with problems, while category IV represents projects with major performance difficulties. The graph shows a positive trend with the number of projects in category II rising significantly in 2008, while the number of poorly-performing projects fell.



2.2.1.7. Results

During 2008, the Commission continued the process of linking relief, rehabilitation and development in several countries, such as the Democratic Republic of Congo and Liberia. Greater efforts were made to handle the specific problems of conflict, post-conflict and other fragile situations where basic security and emergency services for the population must be assured in the short term, while capacity is gradually built to provide social services, security and justice in a sustainable way over the medium and long term. Regular and more systematic contacts between the humanitarian and development services of the Commission at all levels, also involving Member States and other donors, is being established.

The Commission has a confirmed comparative advantage in its capacity to work in countries where few other donors are present. In such situations, the key issue is to prioritise between competing needs and to ensure that activities do not overlap. In the Central African Republic, for example, the Commission manages a substantial cooperation programme, playing a leading role in several areas like

infrastructure, health, justice and security sector reform. The Commission takes every opportunity to encourage Member States to become involved with countries receiving little aid (so-called aid orphans), and has agreed on co-financing procedures whereby additional funds from Member States can be managed by the Commission on their behalf.

In addition, there are many examples of successful initiatives where EC funds have had a positive impact on development. In Mauritius, a middle income country, EC development aid together with intensive policy dialogue have added value to government efforts to increase the competitiveness of the economy, including the complex but so far successful reform of the sugar sector, affected by the reform of the EU sugar regime. In São Tomé e Príncipe, a special system of road maintenance, based on the participation of civil society, has been put in place. In all, 32 associations (GIME – interest groups for road maintenance) have been created in rural communities to carry out simple maintenance, such as weeding or cleaning of gutters. Thanks to their willingness to develop their capabilities, GIMEs now carry out more complex tasks such as bricklaying or repairing bridges. As a result, communities not only benefit from a maintained road network of 1 100 km but also from 1 700 part-time jobs (40% of those employed are women) generated by the project, reducing the number of those out-of-work or in precarious employment by 8%. Workers' families benefit from a salary of around €350 per year on top of their existing income. Moreover, the project has improved the access of rural communities to basic social services, schools and health centres. New farmland could be cultivated and thanks to a better access to urban markets, agricultural products can now be transported more easily at lower costs.

2.2.1.8. Prospects

A particular priority for 2009 will be to launch the implementation of the 10th EDF regional programmes, signed in November 2008, and the Intra-ACP programme. The rate of mobilising EDF resources is set to increase. The Commission is putting more emphasis on budget support operations to deliver aid to ACP countries in order to reinforce local ownership and align aid with national priorities and procedures as specified in international aid effectiveness commitments. This is shown by the rising share of budget support operations under the 10th EDF, which is likely to reach almost 50% of commitments, as well as the introduction of MDG Contracts, which will further increase long-term commitment and predictability of funds. The Commission continues to play a central role in the international community in terms of monitoring, evaluating and promoting a results-oriented culture for budget support operations. At the same time, the budget support methodology is continuously refined to meet new challenges even in the poorest countries with fragility issues like Togo and the Central African Republic. In October 2007, the Commission agreed on guidelines to improve the speed and flexibility of its implementing procedures in fragile situations. In this context, the Commission has also made its operations

more effective by responding to needs with a range of instruments, including budget support. Under the 10th EDF, five budget support programmes in fragile situations (Central African Republic, Guinea-Bissau, Burundi, Haiti and Sierra Leone) have been agreed so far. In the case of the Central African Republic, budget support has contributed to post-conflict stabilisation, by enabling the government to honour its budget commitments and providing leverage and expertise to improve public financial management.

2.2.1.9. Success stories

In Rwanda, *Urunana* project ("Hand in Hand") produces a radio soap opera that promotes health education. The stories aired build on real health concerns of Rwanda's rural population and combine entertainment with educational aspects, focusing on sexual and reproductive health, including HIV/AIDS. An estimated 10 million people listen regularly to *Urunana* since the programme went on air. *Urunana* is the only health-focused radio programme in the African Great Lakes Region. Impact assessments conducted by the local implementing partner, *Urunana* Development Communications and independent consultants, have shown that the project has stimulated discussion on sensitive health issues within Rwandan families, which now appear to be having a positive impact on behaviour and health. The European Commission is funding the project for a period of four years with a total contribution of €750 000.

In the Democratic Republic of the Congo, the PAUK project (*Projet d'Assainissement Urbain à Kinshasa*) is implementing an urban drainage and rubbish collection in Kinshasa one of the biggest city in Africa. The city's basic urban infrastructure is rundown and inadequate. The project seeks to contribute to the reduction of urban poverty by improving the living conditions of the population. The programme focuses on the management of waste and rain water and on the setting-up and management of a labour-intensive solid waste treatment system. The programme is reinforcing the capacity of the main institutions, both national and municipal, involved in Kinshasa's urban development. As a result, illegally-dumped rubbish is cleared each day, 800 m³ of solid waste is cleaned per day, 29 km of storm drains have been tidied and 900 metres rehabilitated. Moreover, 800 jobs were created for the solid waste management and 1 200 jobs for the storm drain management.

In Uganda and Ghana, Microinsurance Agency (MIA) offices have been established. The MIA works with microfinance institutions to develop insurance products that respond to the needs of poor people. Microinsurance, such as life, health and crop insurance, helps to mitigate risks, and thus reduce the vulnerability of the poor. The MIA caused a fundamental shift in insurance coverage in Uganda. It helped to develop an insurance product that covers death from any cause, including HIV/AIDS, forcing competitors to do the same, thereby expanding the options for poor people in the country. In Africa, MIA has already sold more than 80 000 insurance policies benefiting low income clients

of Microfinance Institutions in Uganda and Ghana and in the future in several other African countries.

2.2.2. *Caribbean (including OCTs)*

2.2.2.1. Introduction

The EU strategy for the Caribbean is built around a vision of the future founded upon a history of shared values, in parallel with maximising the opportunities of the Cotonou Agreement⁵⁵. The strategy seeks to create an enhanced EU-Caribbean partnership capable of meeting a set of interrelated challenges:

- tackling economic and environmental opportunities and vulnerabilities;
- promoting social cohesion and combating poverty including the fight against HIV/AIDS;
- strengthening health care systems;
- fighting against illicit drugs and tax fraud.

As provided for in the Cotonou Agreement, the traditional trade system was replaced by a wider Economic Partnership Agreement signed on 15 October 2008 by the European Union and the countries of the region, with the exception of Haiti. Haiti is still studying the potential impact of certain aspects of the agreement and may sign at a later stage. The EPA not only defines the trade relations between the EU and the Caribbean but also aims at promoting regional integration and economic development. The 10th EDF regional programme will support the regional integration process and as such is complementary to the EPA. This is also the case for the 10th EDF country strategies, signed at the end of 2008, which address both private and public actors. Major sectors covered include governance and competitiveness, infrastructure and interconnectivity, macroeconomic budgetary support and poverty reduction. Other sectors explicitly include capacity-building related to the regional programme for additional trade-related assistance accompanying the EPA, as well as good governance in the tax area. After committing all the funds from the 9th EDF by the end of 2007, together with all remaining balances from earlier EDFs, all programmes were signed and ready for implementation in 2008.

For the Overseas Countries and Territories, the programming exercise for the 10th EDF was launched in 2008 and should be largely completed in 2009. In addition, an in-depth discussion on the future of OCT-EU relations was launched by means of a Green Paper⁵⁶ published in 2008. By October 2008, comments were received from all stakeholders and a discussion took place during the OCT Forum. The Commission will continue its consultations in order to publish a

⁵⁵ COM(2006) 86 final of 15.02.2008

⁵⁶ Green Paper on future relations between the EU and the Overseas Countries and Territories, COM(2008)383 of 25.06.2008

Communication to the Council proposing a revision of OCT-EU relations from 2013 onwards.

2.2.2.2. Aid effectiveness and donor coordination

In the Caribbean, the Commission continued its efforts towards further strengthening donor coordination with the few bilateral and multilateral donors present in the region. Information-sharing is generally well structured and progress has been made with regard to joint-programming and division of labour. In most countries, close cooperation takes place particularly in the area of public finance management. In Haiti, the 10th EDF Country Strategy Paper was prepared jointly with France, Spain and Germany.

Numerous examples of donor cooperation are available, including from Haiti where the possibility of transferring funds from France to the European Commission for a road-infrastructure programme was discussed. In Barbados, the Commission works closely with the World Bank, the International Monetary Fund, the UK Department for International Development (DfID), the Caribbean Technical Assistance Centre, the Canadian International Development Agency (CIDA) and the Caribbean Development Bank (CDB), particularly on budget support. There is also close cooperation with the World Bank and the United Nations Development Programme on sub-regional social protection reform. DfID has been actively engaged in sugar reform and planning the adaptation strategy. The European Commission has been consulted on the new programming strategy of the World Bank, the Inter-American Development Bank, the CDB and UNDP. Donor coordination on trade issues is effective while there are periodic contacts on drugs and crime issues. In Jamaica, regular interaction takes place at sectoral level. For the preparation of the general and sector budget support programmes under the 10th EDF, the Commission participated in extensive discussions with a wide range of government offices and donor agencies present in Jamaica. Donor meetings are held regularly, especially in the areas of security and justice. The Commission also took part in a number of working groups for the development of the so-called Vision 2030, the long-term development strategy of the Government of Jamaica. In Suriname, different infrastructure projects are being completed under the 8th and 9th EDF together with the Netherlands.

2.2.2.3. Working towards the MDGs

Most Caribbean countries now benefit from general or sector budget support, with the latter particularly evident in health and education. To help the Dominican Republic achieve the MDGs, in particular the goal of universal primary education, €52 million was allocated to its education sector under the 9th EDF. In Haiti, one of the most fragile and poorest countries in the region after a long period of political and economic turmoil, education is essential for poverty reduction and socio-economic development. A programme of €14 million to

support the quality of education under the 9th EDF is ongoing. Under the 10th EDF, the social sectors in Haiti will receive general budget support. Malnutrition in Haiti is addressed through food security programmes financed from the humanitarian aid budget, the food security thematic programme and the Food Facility. The funds allocated to the Dominican Republic under the 10th EDF include €61 million for human and social development. This allocation represents 35% of the total funds available and will be provided through general budget support in order to cover long-term human and social development activities. In addition, the EC is also supporting several projects and programmes to combat HIV/AIDS, which is a major concern in the Caribbean, where infection levels are the second highest worldwide. The Commission is the largest individual donor assisting the Caribbean ACP countries and OCTs. In 2007, it approved a €6 million grant from the 9th EDF to support the Dutch and British OCTs in their efforts to reduce the spread of the disease. The programme, whose implementation through the Pan American Health Organisation (PAHO) started in 2008, targets 11 beneficiary territories. It complements the Regional HIV/AIDS Programme of the Caribbean Forum of ACP states (Cariforum), which is also funded by the EDF and implemented through PAHO.

2.2.2.4. Regional cooperation and integration

A full Economic Partnership Agreement (EPA) covering services, trade in goods and development support, was signed in October 2008 by the EU and the countries of the region, with the exception of Haiti. The EPA not only defines the trade relations between the EU and the Caribbean but will also support the ongoing regional integration process to maximise its benefits. The 10th EDF regional programme provides support for the integration process. Particular attention will be paid to implementing those regional integration activities required to achieve maximum benefits from the EPA and to mitigate eventual adverse effects of the adjustment process. Some 21 sector studies covering all areas of the agreement have been completed or are under way with a view to translating the cooperation provisions of the EPA into concrete action. These programmes are intended to specify all necessary actions the region has to undertake at national and regional level in order to meet the commitments defined by the EPA. The regional authorities have agreed with the Commission to develop a roadmap complementing the regional programme and the findings of the studies. The roadmap will identify key priorities for action, selecting the most appropriate institutions for their implementation and mapping possible donor contributions and interventions.

2.2.2.5. Implementation

The 9th EDF was fully committed at the end of 2007. An amount of €207 million had been contracted up to the end of 2008. During 2008, some €126 million was committed from the 10th EDF. In the Caribbean, general budget support and sector policy support programmes accounted for 45% of the new programmes

approved in 2008. Thirteen percent of commitments were devoted to economic and development planning. New funds under the EDF in the Caribbean region totalled just over €1 billion in commitments and €791 million in payments over the period 2002-2008. From the EC budget, the Caribbean received significant support under the Special Framework of Assistance for Traditional ACP Suppliers of Bananas: €18 million in commitments and €35 million in payments. Six Caribbean countries are also part of the EC-ACP Sugar Protocol and benefited from accompanying measures to support the adaptation of the sugar sector following the reform of the EU sugar regime. In 2008, these countries received €90 million in commitments and €33 million in payments (see Section 2.3.6. for more details).

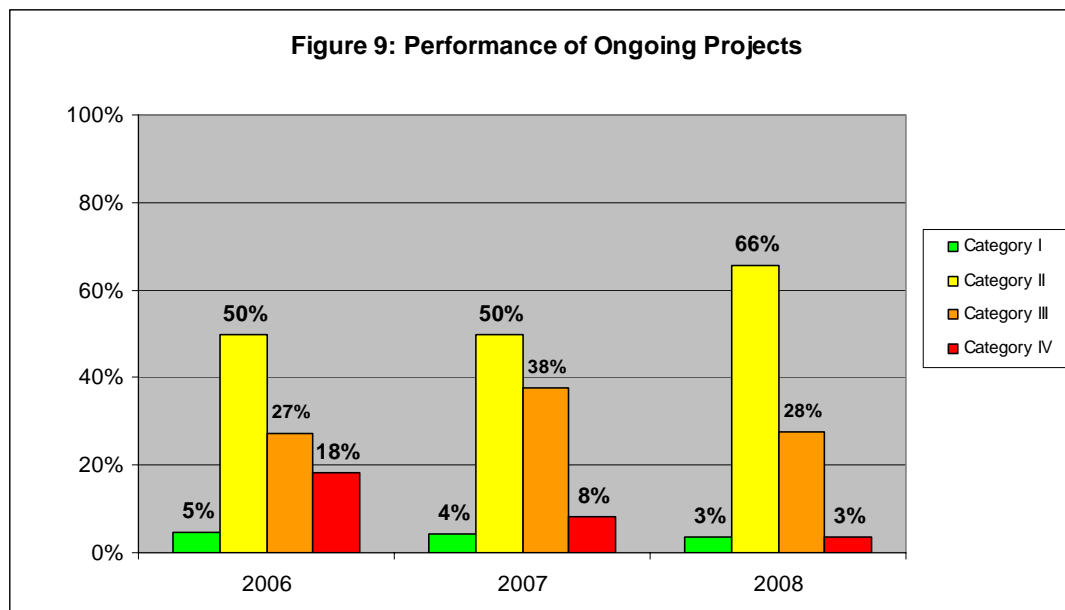
2.2.2.6. Monitoring

The figures in this section come from the Results Oriented Monitoring System which evaluates the impact of development projects. The methodology is described in detail in Chapter 4.

During 2008, 33 projects were monitored in several Caribbean countries, including Aruba and the Dutch Antilles with a total value of €320 million, of which €301 million came from the EDF. Of the operations monitored 29 still had ongoing activities. Four were subject to *ex post* monitoring.

According to the monitoring exercise, the ongoing operations in the Caribbean region performed well as concerns project design, effectiveness, impact and potential sustainability. However, the scores for ongoing operations revealed that projects do less well in terms of efficiency, even though progress has been made over the last two years. Projects subject to *ex post* monitoring showed very good results as regards sustainability, while scores on project impact were mixed.

The following graph presents an overview of the performance of projects with ongoing activities over the last three years. As in the previous graph of this report, scores are ranked in four categories (I – IV, corresponding broadly to 'very good', 'good', 'problematic' and 'in serious difficulties') The graph shows a positive trend in the results of the external monitoring exercise, with the sharp rise in the number of projects in category II in 2008 being particularly noteworthy.



2.2.2.7. Results

The programme for the *Economic Development of the Northern Corridor of the Island of Hispaniola*, which included the rehabilitation of the road from Cap Haïtien towards the Dominican border, boosted the dialogue between Haiti and the Dominican Republic on bilateral cooperation. As a result, the National Authorising Officers of both countries signed the Santo Domingo Declaration in December 2008, confirming their countries' commitment to closer cooperation in several areas of common interest, such as the environment, transnational economic development and infrastructure.

In Guyana, the Linden Economic Advancement Programme (LEAP), to promote the economic development of the town of Linden, has produced positive results, creating solid benefits for Linden and its Administrative Region. LEAP was launched in 2002, investing €12 million in the expansion of the region's economic base over a seven-year period. This had become necessary following the continued decline of the bauxite industry and the consequent economic dislocation the region was facing. The project seeks to diversify the local economy away from the traditional dependency on bauxite. The conclusion of the project and the planning of the hand-over to local counterparts is ongoing and will probably be finalised in the course of 2009-2010.

In Grenada, a contribution of €10 million from the 9th EDF to the school rehabilitation project has greatly supported the recovery of the education system after the devastation caused by Hurricane Ivan in 2004.

In response to soaring food prices in Haiti, the *Programme de réponse à la vie chère* included among its activities, an important component of labour-intensive

road maintenance and electricity grid rehabilitation. The successful implementation of this component allowed hundreds of jobless Haitians to earn their living and to cope with the impact of rising food prices.

2.2.2.8. Prospects

Over the past few years, cooperation with the Caribbean countries has shifted from being project-oriented towards general and sector budget support, both under the EDF and the accompanying measures for Sugar Protocol countries. Within this framework, increasing attention is being paid to public finance management and policy dialogue. Haiti will continue to be treated under the initiative for countries in a situation of fragility. Regarding regional cooperation, the implementation of the 10th EDF Regional Indicative Programme will focus on the development chapters of the EPA. In 2009, a regional environmental profile will be drawn up which will identify and assess environmental issues to be considered as part of the mid-term review of the Caribbean country strategy papers as well as the regional strategy paper.

2.2.2.9. Success stories

The Commission provided a total of €12.5 million via the World Bank to the Caribbean Catastrophe Risk Insurance Fund (CCRIF) to strengthen its core capital and provide better insurance coverage for its members. Some 17 countries and territories have signed up to the CCRIF and pay the premiums required. During the 2008 hurricane season, with its 16 tropical storms and hurricanes in the Caribbean, the CCRIF intervened rapidly in the Bahamas, Haiti and the Turks and Caicos Islands, providing governments with funds to make the most urgent repairs to damaged infrastructures.

In Trinidad and Tobago, the 8th EDF poverty reduction programme comprising several micro-projects at community level came to an end in June 2008. More than 600 micro-projects received funding for a total value of €2 million. The programme succeeded in creating structures for decentralised social services delivery in Trinidad and Tobago.

2.2.3. *Pacific (incl OCTs)*

2.2.3.1. Introduction

The year 2008 was a significant one for relations between the European Union and the Pacific.

In 2007, the EU and the Pacific Island Forum (PIF) agreed to strengthen the regional political dialogue. In September 2008, the first-ever EU-PIF Ministerial Troika was held in Brussels. The agenda included regional security and governance, with a focus on Fiji where the political situation remains a source of concern following the military coup of December 2006. Other items covered

trade, development cooperation, climate change and fisheries. The Troika issued a joint communiqué highlighting common views and areas for further cooperation.

In November 2008, the EU and the Forum also agreed a declaration on climate change that sets a joint framework for policy and action on adaptation to climate change. Pacific island countries are particularly vulnerable to the impact of global warming and sea-level rise. For its part, the EU takes the lead in the international debate on a post-Kyoto agreement. Both sides have a shared interest in a positive outcome of the process.

Pacific island countries are working towards a common position on climate change and where to focus adaptation efforts. Some of the low atolls are already considering people relocation strategies. The *Niue Declaration*, adopted by Forum leaders in August, and the EU-PIF joint declaration of November outline the building blocks for a common policy framework and coordinated action.

Also in November, the Commissioner for Development Louis Michel and the Secretary-General of the Pacific Island Forum, Neroni Tuiloma Slade, signed the Regional Strategy Paper (RSP) and Regional Indicative Programme (RIP) for the Pacific. The regional component of the 10th European Development Fund amounts to €95 million. The threefold increase compared with the previous period is consistent with the enhanced relationship between EU and PIF and the priorities identified in the 2006 EU Strategy for a strengthened partnership with the Pacific, which in turn was a response to the Pacific's own development strategy, the Pacific Plan. The RSP and RIP focus on regional economic integration, including support for EPA-related needs, and the sustainable management of natural resources and the environment, which is the great but vulnerable asset of the Pacific region and its people.

In June, a high-level Troika mission visited Fiji under the Article 96 procedure⁵⁷ of the Cotonou Partnership Agreement. Following meetings with all stakeholders, the Troika concluded that a genuine and inclusive political dialogue was both necessary and possible.

Political cooperation at regional level intensified in 2008, with the Forum leaders taking the unprecedented decision, at their annual summit in August 2008, of threatening Fiji with suspension if it failed to hold elections by the end of March 2009.

In November, Commissioner Michel visited Timor-Leste where he signed an addendum to the country strategy paper for the incentive tranche in recognition of Timor-Leste's Governance Action Plan. He also met political leaders and

⁵⁷ Article 96 on consultation procedure and appropriate measures as regards human rights, democratic principles and the rule of law

announced new conflict/crisis management measures under the Instrument for Stability

Negotiations for a comprehensive Economic Partnership Agreement continued in 2008 but could not be finalised by year-end.

2.2.3.2. Aid effectiveness and donor coordination

During 2008, efforts continued to implement the principles of the Paris Declaration on Aid Effectiveness, both at regional and national level. In April, a regional workshop was organised by the UNDP, the Asian Development Bank and the Pacific Islands Forum Secretariat to review progress on implementing the principles of aid effectiveness in the Pacific region and to prepare for the Accra High-Level Forum. At country level, Papua New Guinea adapted the Paris Declaration to its local context by signing a joint statement of principles and actions with development partners in February 2008.

Given the limited presence of EU Member States in the Pacific region, coordination takes place with other donor countries and international organisations. Bi-annual bilateral and trilateral meetings are held regularly between Australia, New Zealand and the European Commission. Cooperation with Australia will be further reinforced following the signature of the new EU-Australia Partnership Framework in October 2008, which includes an action plan for enhancing cooperation and coordination in the Pacific region.

Regional coordination at sector level was pursued in the area of energy and climate change. Moreover, various instances of effective coordination at project level exist. In Samoa, for example, the government has set up a joint water sector steering committee, in which all key stakeholders participate.

2.2.3.3. Working towards the MDGs

The latest statistics indicate that poverty is increasing in the Pacific region and that progress towards achieving the MDGs in 2015 is mixed. While reliable data are rare, it is estimated that roughly 30% of the total population are living in extreme poverty on less than one dollar a day. Therefore, intensified efforts are needed to accelerate progress towards attaining the MDGs.

Access to clean water and sanitation is key to reducing child mortality in the Pacific region. Even though child mortality has fallen across the region, the lack of clean water remains the largest single cause of death among young children. It is estimated that up to 18 000 children die each year. By financing programmes that improve access to adequate water sources and sanitation services, the EC not only contributes to reducing child mortality but also helps to increase the proportion of people with access to safe drinking water and basic sanitation (MDG 4 and 7).

Up to the end of 2008, the EC had supported water supply and sanitation initiatives with a total value of more than €80 million. This allocation includes both bilateral cooperation activities (approximately €73 million earmarked for Samoa, Tuvalu, Nauru, Marshall Islands, Tonga, Papua New Guinea and French Polynesia) as well as projects financed under the EU Water Facility (€4.5 million under regional and specific programmes for Timor-Leste and Papua New Guinea).

In Papua New Guinea, the first phase of a rural water supply and sanitation programme ended in August 2008. The programme aims to provide improved and sustainable water supplies and sanitation facilities to rural communities. This first phase (€8 million) benefited 76 700 people in 134 villages by constructing 2 207 latrines, supplying 455 water tanks, implementing 57 gravity-flow schemes and installing 27 shallow wells with hand pumps. The programme uses a community-development approach in order to promote local ownership and responsibility for the maintenance of the water supply and sanitation schemes. This programme is followed by a second phase (€17 million) which will run to the end of 2011.

2.2.3.4. Regional cooperation and integration

Given the region's vulnerability to the impact of global warming, climate change is the focus of regional cooperation efforts. The *Niue Declaration*, adopted by the Pacific Island Forum in August, and the EU-PIF Joint Declaration in November outline the building blocks for a common policy framework and coordinated action. Under the 9th EDF, the Commission continued support to eight Pacific ACP countries which are participating in a multi-country programme on disaster preparedness, to prepare against natural disasters such as cyclones.

The two major Pacific ACP countries currently exporting goods to the EU – Papua New Guinea and Fiji – initialled an interim Economic Partnership Agreement with the EC in November 2007. In parallel however, the EC continues to negotiate with all 14 Pacific ACPs on a comprehensive EPA. This is expected to cover the same areas as the interim EPA with the addition of development cooperation provisions, a fisheries chapter, social and environmental issues and competition. Contentious issues concern the inclusion of trade in services and trade-related areas like intellectual property rights and government procurement.

2.2.3.5. Implementation

In 2008, efforts focused on the preparation of new programmes funded under the 10th EDF, which entered into force in July. By the end of the year, 11 Annual Action Programmes were approved, amounting to more than €20 million. Cooperation under these new programmes will mainly focus on capacity-building activities.

The Commission also approved two new operations benefiting New Caledonia and French Polynesia, using the additional resources which became available after the 9th EDF mid-term review for OCTs. New Caledonia received €8.7 million of sector budget support for vocational training. French Polynesia received €8.9 million to support water supply and sanitation in Moorea and Punaauia.

EDF financing for ongoing operations in the Pacific region in 2008 totalled €66 million in terms of the amount contracted and €59 million in payments. Funding operations are project-based except in Vanuatu and New Caledonia where budget support is provided.

As the energy sector is a priority for the Pacific region, the EC is supporting a multi-country programme on renewable energies in Micronesia, Nauru, Niue, Palau and the Marshall Islands. The programme supports the installation or distribution of renewable energy systems and energy-efficiency equipment. In parallel, local authorities receive assistance to draw up energy policies and renewable and energy-efficiency strategies. In addition, the energy sector in Vanuatu received considerable support through the 9th EDF energy facility. In 2008, four new projects were launched for a total amount of €3 million. Three of them focus on the provision of electricity to remote areas of the country through the use of generators running on 100% copra oil. The fourth project aims to produce energy through a wind mill in the southern part of Vanuatu.

2.2.3.6. Monitoring

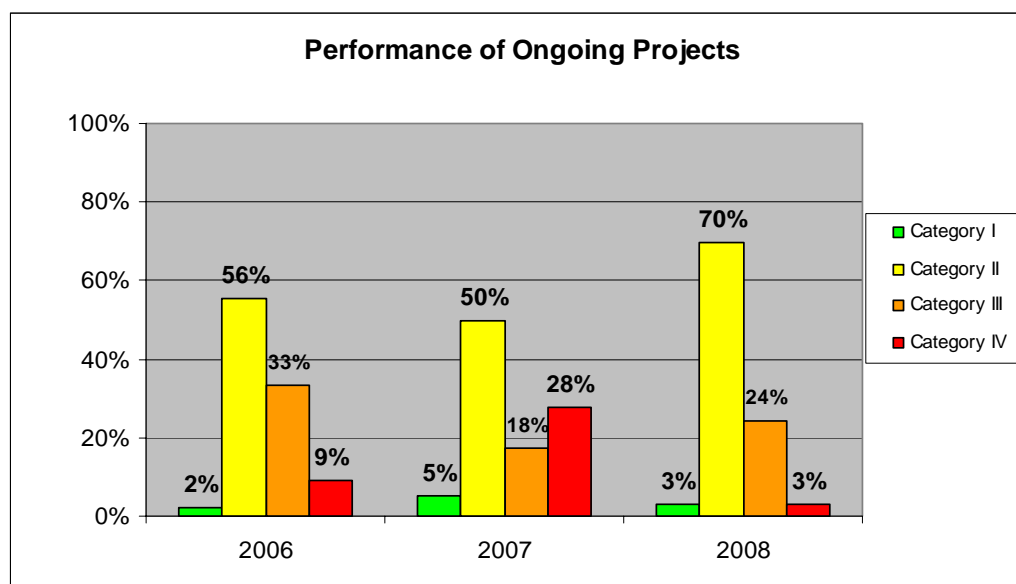
The figures in this section come from the Results Oriented Monitoring System (ROM), which evaluates the impact of projects on development. The methodology is described in a comprehensive way in Chapter 4.

From July to December 2008, independent monitoring assessed 33 projects and programmes in several Pacific countries and OCTs. They included operations at national and regional level and resulted in the production of 40 monitoring reports. Of the operations covered, 32 still had ongoing activities, seven were subject to *ex post* monitoring. One EDF-funded water sector policy support programme with a budget of €19 million in Samoa was monitored as part of a test for a new monitoring methodology for sectoral budget support. The total budget of the operations monitored was €141 million of which €109 million were EDF-funded.

Monitoring results of the ongoing operations showed that the Pacific region performed well in 2008 in terms of project design, efficiency, impact prospects and potential sustainability (78%). However, slight weaknesses were revealed with regard to the effectiveness of the ongoing projects. On the other hand, projects subject to *ex post* monitoring showed good results as to their real impact and sustainability.

The following graph presents an overview of the performance of projects with ongoing activities over the last three years. As in previous graphs in this document, scores are marked on a scale of I to IV (where I is highest). The graph shows a positive trend in the results of the external monitoring exercise, with the number of projects in category II rising strongly in 2008.

Figure 10: Performance of ongoing projects



2.2.3.7. Results

In Samoa, the Commission is supporting the development of an integrated approach to water resource and supply management. This includes efforts to strengthen the capacity of the Samoa Water Authority for long-term sustainability and the development of a government policy on sanitation. The programme contributes to giving 30 000 people in the country access to safe water and has paved the way for the Samoan authorities to draw up an overall policy in the sector, which is now the basis for preparing a sector budget support procedure under the 10th EDF.

2.2.3.8. Prospects

With the exception of Fiji, the 10th EDF programming for the Pacific ACP countries was concluded in 2008. As a result, €443 million have been earmarked for the Pacific for the period 2008-2013 at both national and regional level. The finalisation of the country strategy paper for Fiji, however, depends on the positive evolution of the political situation there. This is also affecting the commitment of funds for Fiji from the EU budget to help ACP Sugar Protocol countries adapt to the reform of the EU sugar regime (€60 million for 2008-2010) that are currently on hold.

Work on new programmes to be funded under the 10th EDF has already started and will continue during 2009, together with ensuring the smooth implementation of all ongoing operations.

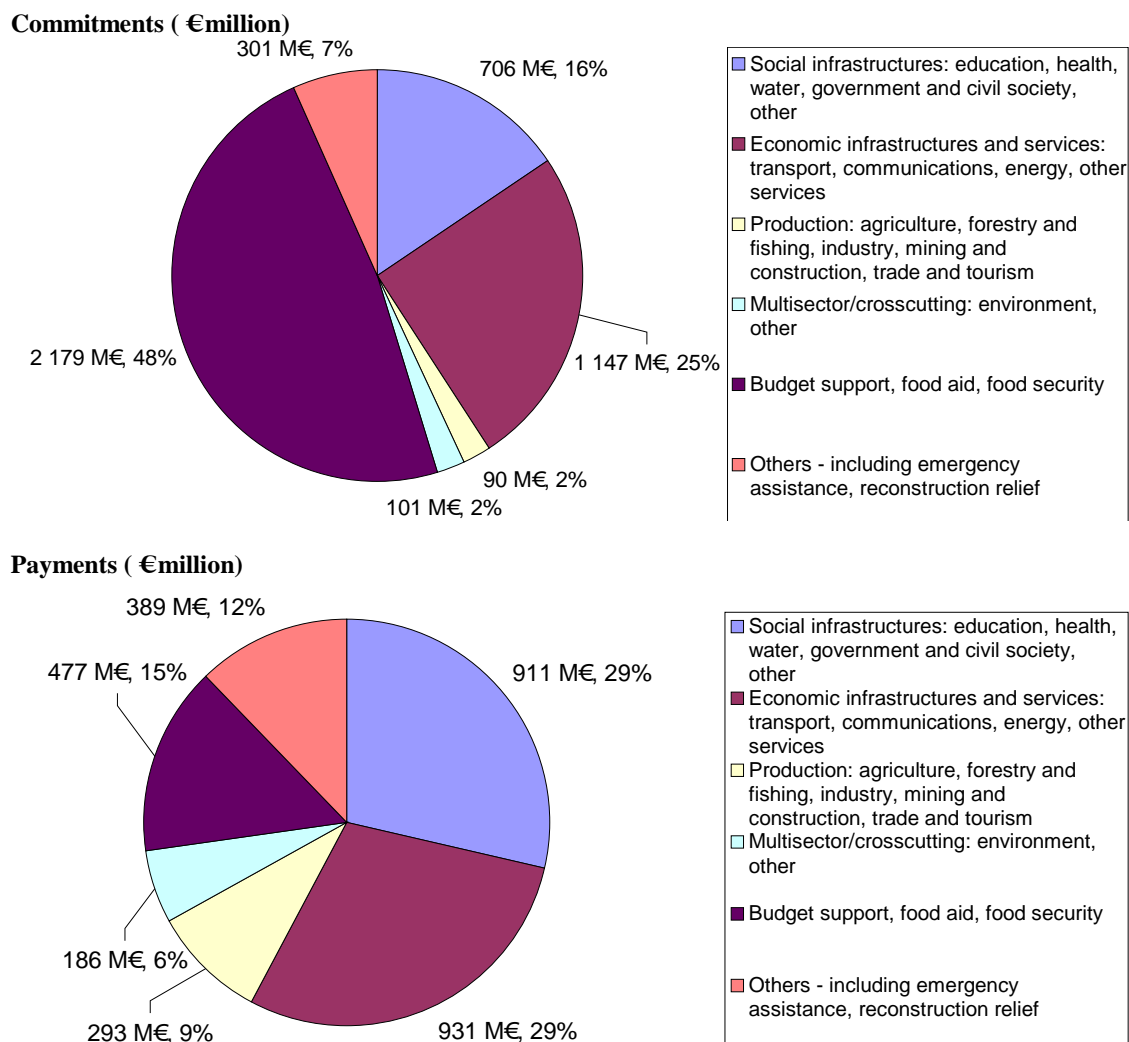
In line with the commitments on aid effectiveness, it is intended to move towards a greater use of budget support in the Pacific region, which is currently used only in Vanuatu and New Caledonia. Discussions with Samoa for budget support in the water sector are ongoing. In order to assess public financial management systems, the EC has been involved in supporting multi-donor public expenditure and financial accountability reviews. This will be continued in 2009.

With regard to the four Pacific OCTs, New Caledonia, French Polynesia, Wallis & Futuna and Pitcairn, €58.5 million has been earmarked for the period 2008-2013. The preparation of the strategy documents is ongoing. Following the positive eligibility assessments carried out in 2008, all countries are likely to receive aid through budget support, building on the positive experience in New Caledonia, where the Commission has supported vocational training through sector budget support.

2.2.3.9. Success stories

In the Solomon Islands, where more than 80% of the population lives in rural areas, the micro projects programme provides rural communities with greater access to improved social services and sources of income. In 2008, over 120 projects were completed, including social infrastructure projects, such as the rehabilitation of village schools and clinics and the installation of more than 104 water and sanitation systems in addition to 60 income-generation or livelihood projects. For example, on Kolombangara Island, virgin coconut oil is being extracted by a women's group, using equipment purchased under a micro projects grant. The entire production is being sold to a nearby rural training centre where it is used as biofuel for tractors. The programme, which was allocated €5.7 million, started in 2005 and was completed in 2008. Due to its success, the EC has agreed to continue supporting micro-project activities up to a value of €7.4 million in 2009.

Figure 11 EDF - Breakdown by sector of external aid financed on the European Development Fund (EDF) managed by EuropeAid in 2008



Bilateral and Multilateral ODA. Excl non-ODA resources (Peace facility,...).

Figure 12 EDF - Breakdown by sector of external aid financed on the European Development Fund (EDF) managed by EuropeAid in 2008

	Commitments (€ million)	Payments (€ million)
Africa	3 939	2 504
Caribbean	126	244
Pacific	12	64
Overseas Countries & Territories	-	11
ACP Unallocated	448	364
Total	4 525	3 189

Bilateral and Multilateral ODA. Excl non-ODA resources (Peace facility,...).

Figure 13 EDF - General and sector budget support per country

Commitments 2008 (€ million)

Country	GBS / SBS	Sector	Description	Total
Benin	GBS	General budget support	General SCRP budget support	50.5
Burkina Faso	GBS	General budget support	MDG ABCRP contract 2009-2014 (budget support for growth and poverty reduction)	320.14
Burundi	GBS	General budget support	Budget support programme for economic recovery	48
Cap Vert	GBS	General budget support	Budget support for the growth and poverty reduction strategy	16.3
Ghana	GBS	General budget support	MDG contract	175
Guinea-Bissau	GBS	General budget support	Budget support to stabilisation 2009/11	18
Haiti	GBS	General budget support	General budget support to the national strategy for growth and poverty reduction	27
Jamaica	GBS	Action relating to debt	Debt reduction and growth enhancement programme	40
Lesotho	GBS	General budget support	10th EDF poverty reduction budget support	26
Madagascar	GBS	General budget support	Poverty reduction budget support programme (PARP 3)	90
Malawi	GBS	General budget support	Poverty reduction budget support III	90
Mali	GBS	General budget support	MDG Contrat - multiannual budget support programme PPAB 2	148
Mozambique	GBS	General budget support	MDG contract 1 mozambique	303
Niger	GBS	General budget support	Multiannual support programme on poverty reduction 2009-2011	93
RCA	GBS	General budget support	ASERCA II support to economic stability in CAR	17
Rwanda	GBS	General budget support	MDG contract	175
Senegal	GBS	General budget support	Budget support to poverty reduction strategy	75
Sierra Leone	GBS	General budget support	General budget support (Multi-donor budget support)	46.4
Togo	GBS	Action relating to debt	EIB micro financial rehabilitation	17.47
Uganda	GBS	General budget support	Millennium development goals contract for Uganda	175
Zambia	GBS	General budget support	Poverty reduction PRBS3 - MDG contract 1	225
Benin	SBS	Transport and storage	Support to road-building funds	65
Ethiopia	SBS	Transport and storage	Second sector policy support programme (SPSP II) in support of Ethiopia's road sector development programme (RSDP)	200
Jamaica	SBS	Government and civil society	Security sector reform programme (SSRP)	33
Mozambique	SBS	Health	Health and HIV sector policy support programme	30
New Caledonia	SBS	Education	Vocational training	8.71
Niger	SBS	Developmental food aid/food security assistance	Support programme to food security sector	15
Uganda	SBS	Transport and storage	Ugandan road sector policy support programme - capacity development component	10
Zambia	SBS	Health	Supporting public health service delivery in Zambia	35
Zambia	SBS	Transport and storage	Second sector policy support programme	77
			Grand Total	2 649.52

GBS : General Budget Support

SBS : Sector Budget Support

2.2.4. *ACP-wide activities*

In addition to its geographic cooperation with the ACP through national and regional programmes, the EDF also provides funds for intra-ACP programmes.

In 2008, the Commission continued to support African efforts to build durable peace and security on the continent through the African Peace Facility. The African Union Mission to Somalia, which played a key role in maintaining security in Mogadishu and in supporting the Djibouti peace process, was allocated €15.5 million. An additional €20 million will be mobilised to extend the operation until May 2009. The six-month African Union Electoral and Security Assistance Mission in the Comoros received €3.5 million to ensure free and transparent elections in Anjouan. The multinational force MICOPAX to consolidate peace and security in the Central African Republic was allocated €5 million. Funds were also used to sustain the national reconciliation process as well as the reform of the security sector. Capacity building measures to support the AU and the sub-regional organisations in the planning and conduct of peace support operations on the continent received €35 million. The programming for the period 2008-2010 under the 10th EDF was finalised in 2008. A sum of €300 million was approved for the continuation of the African Peace Facility to allow the Commission to react promptly to African crises and to continue to build on African accomplishments in the field of peace and security.

In 2008, the ACP-EU water facility continued to make an important contribution to achieving the MDG water and sanitation target. The EC contribution to the Water Facility amounts to some €497 million with €414.5 million being allocated to two calls for proposal. Out of 1 288 proposals received, 175 projects were contracted, the majority of them being in Sub-Saharan Africa where the need is greatest. The projects will provide 14.5 million people with improved access to safe water and some 3.5 million with sanitary facilities, while offering hygiene education for 10.5 million. Under the 10th EDF intra-ACP budget, the water facility has been allocated €200 million.

Of the €220 million available for the 9th EDF ACP-EU energy facility, €10 million were committed to actions under the ACP-EU partnership on infrastructure. An additional €196 million were contracted to 75 projects selected under a call for proposals. Of these projects, 62 are located in Sub-Saharan Africa, six in the Caribbean and four in the Pacific region. Three projects on improved cross-border cooperation are benefiting all ACP countries. The projects focus on improved access to energy services, energy management and governance, in particular in rural and peri-urban areas. In Vanuatu, for example, the production and use of copra oil will provide energy for nine villages. With a total cost of €2.4 million (75% covered by an EC grant) three copra oil mills and nine power plants as well as 12 km of low voltage distribution network will be constructed. This will deliver energy for 950 households, 10 schools and five health centres. Renewable energies and

transmission lines, with 40% each of available resources, are the main beneficiaries. In all, seven million people are projected to benefit from these initiatives. The energy facility has been allocated €200 million from the 10th EDF intra-ACP budget.

The year 2008 brought about a more strategic approach to the implementation of intra-ACP funds under the 10th EDF. While the resources available under the 9th EDF were committed on an *ad-hoc* basis, an intra-ACP strategy paper and indicative programme for the 10th EDF was prepared in 2008, defining the framework for the €2.7 billion cooperation programme. The strategy paper was due to be adopted in early 2009. The first annual action programme was approved, covering mainly a new contribution to the Global Fund for HIV/AIDS, Tuberculosis and Malaria as well as support to the ACP institutions for a total amount of €204 million.

In 2008, the EC contributed to boosting economic growth in the ACP countries through trade-related assistance and private sector development. The ongoing TradeCom Facility continued to utilise credits of €50 million for supporting institutional capacity-building and bolstering the EPA negotiations. The signature of the financing agreement in 2008 by the ACP secretariat marked the start of the project for the *Integration of ACP States into the Multilateral Trading System of the WTO and Support to the Enhanced Integrated Framework* (€16 million) which will further reinforce the EC's commitment to help ACP countries integrate into the world economy. The BizClim Private Sector Enabling Environment Facility received €20 million for the period 2006-2009. In addition, the Commission has continued its support for the debt relief initiative for highly-indebted poor countries (€460 million) as well as for the EIB Investment Facility (€2 billion). Private sector development through the PROINVEST project (€110 million) was extended until September 2011. Through the EU-ACP microfinance framework programme (€15 million for five years), the Commission is supporting the development of strong domestic financial systems that work for the poor.

In the context of the support for higher education institutions under the EDULINK programme, two calls for proposals were organised, which led to the award of 55 grant contracts worth a total of €25 million. The Education for All, Fast Track Initiative and its Catalytic Fund in favour of primary education received about €90 million. Two calls for proposals (€6.5 and €2.3 million, respectively) were organised in favour of the ACP audiovisual and cultural industries. In the health sector, new commitments were made, for example, to support the Global Fund for AIDS (€150 million for 2008-2010) and the introduction of pneumococcal vaccines in ACP countries (€9.5 million). The migration facility and the natural disaster facility received allocations worth €25 million and €12 million from the 9th EDF. Implementation started of the *Agricultural Commodities Programme* (€45 million), complemented by the IFC-managed Global Index Insurance Fund (€25 million) to which the EC is the first

donor. Capacity-building support is offered to ACP states, *inter alia*, through the *Pesticides Initiative Programme* (€33 million), the strengthening of fisheries management (€30 million) and of the sanitary and phytosanitary systems (€30 million). Finally, the EC allocated €109 million from the 9th EDF to the EIB Infrastructure Trust Fund.

Figure 14: The sectoral/thematic division of commitments (Total commitments):

Social: Health/Education	€188.51 million
Institutional Support/Capacity Building	€20.00 million
Natural Resources and Infrastructure	€48.00 million
Trade and Private Sector Support	€18.30 million
Coordination/Others	€9.46 million
Total	€284.27 million

2.3. Development Cooperation Instrument

The Development Cooperation Instrument (DCI) has three main functions. The first is to provide assistance to South Africa and 47 developing countries in Latin America, Asia (including Central Asia) and the Middle East not covered by other EU instruments. Secondly, it supports the adaptation process of the sugar sector in 18 ACP Sugar Protocol countries following the reform of the EU's sugar regime. Thirdly, it runs five thematic programmes: investing in people; environment and the sustainable management of natural resources including energy; non-state actors and local authorities in development; food security; migration and asylum.

2.3.1. Asia

2.3.1.1. Introduction

Strengthening EU-Asia relations continued to be one of the EU's external policy priorities during 2008. Despite recent economic growth, poverty in Asia remains a significant challenge as the region is still home to two thirds of the planet's poor people. Overall relations with Asia are complex. This is why the EU has been fostering dialogue and cooperation with all Asian partner countries and numerous sub-regional partners and policy fora. These include the Asia-Europe Meeting (ASEM), the Association of South-East Asia Nations (ASEAN), the

ASEAN Regional Forum and to a lesser extent the South Asian Association for Regional Cooperation (SAARC) to which the EU is now an observer.

To further strengthen political and economic relations, regular summits took place during 2008 with individual countries and within the ASEM framework. The 7th ASEM was held in Beijing in October 2008 attended also by new ASEM members Bulgaria, India, Mongolia, Pakistan, Romania, and the ASEAN Secretariat.

The European Union intends to continue promoting the strategic partnership that it enjoys with China, particularly at a time when the global economic and financial situation calls for closer cooperation between Europe and China. The EU-China High-Level Economic and Trade Dialogue Mechanism was launched by Commission President Barroso and Chinese Prime Minister Wen Jiabao in April 2008 in Beijing.

The 9th EU-India Summit took place in September 2008 and confirmed the strengthening of EU-India relations.

Furthermore, the Commission is negotiating free trade agreements with South Korea, India and ASEAN countries, as well as partnership and cooperation agreements with China, South Korea and some ASEAN countries.

A mid-term review of the multi-annual indicative programmes for 2007-2010 started in 2008 to examine the relevance of the Asia regional and country strategy papers.

2.3.1.2. Aid effectiveness and donor coordination

The Commission has made further efforts to improve the effectiveness of its external aid to most countries in Asia. Progress has been most encouraging in Cambodia, Laos, Thailand and Vietnam, but also in Burma/Myanmar, where the Commission has played a key role in the preparation and management of joint donor programmes to the Three Diseases Fund and the education sector. In Afghanistan, the joint EU contribution on aid effectiveness was prepared to respond to the Afghan National Development Strategy. Based on a promising joint management experience with Member States for delegation and transfer agreements in the health sector in Vietnam, further programmes might be envisaged where the Commission receives and manages funds from other donors or contributes to programmes managed by other donors, based on core competences of the implementing partner.

Budget support and sector policy support programmes contribute to improving aid effectiveness in Asia and Central Asia. Nineteen percent of the value of actions prepared for commitment in 2008 cover budget support, consisting of 8% general budget support and 11 % sector budget support. A number of public finance management support programmes (including a new commitment of €15

million for Bangladesh) should allow for increased use of budget support in the future.

The sector approach has been promoted in Asia and Central Asia with 42% of all commitments representing sector programmes (budget and project approach).

2.3.1.3. Working towards the MDGs

Under the DCI, EC development cooperation contributed to progress by Asian countries towards the MDGs. Where possible, the European Commission aligned its contribution with the policy goals of the beneficiary country and its poverty reduction strategy. Particular priority is given to the social sectors – health and primary and secondary education represented 22% of new commitments, which include preparatory work for future sector support programmes.

The region as a whole was found to be on track⁵⁸ to reach the 2015 targets on reducing extreme poverty, universal primary education, primary completion rates and gender parity. However, there are risks, and governments in a number of countries have made additional efforts to meet the MDGs. Most countries are on track or early achievers with regard to tuberculosis and HIV prevalence and tuberculosis death rates.

Progress is less satisfactory as regards child mortality, notably infant mortality, and underweight and malnourished children. While the region as a whole is on track to attain MDG goals for communicable diseases, HIV remains a concern, notably in Malaysia and Vietnam. Asia as a whole has severe environmental problems: forest coverage is disappearing and carbon dioxide (CO₂) emissions per head are rising rapidly. Asia was also hit by the food price increase and by direct and indirect effects of the financial crisis which may weaken efforts to attain the MDGs.

In South Asia⁵⁹, four out of eight countries are off track for more than one third of the MDG indicators; two of the four are Least Developed Countries (LDCs). India is an early achiever or on track for universal primary education and gender parity access to education, HIV and tuberculosis prevalence rates, but shows slow progress in fighting extreme poverty and infant and under-five mortality rates. In South-East Asia,⁶⁰ five countries are off track out of eight. In East and North-East Asia⁶¹, China is on track for most of the indicators but remains off track for CO₂ emissions, access to water and sanitation. The under-five mortality rate, infant mortality and forest cover were worsening in the

⁵⁸ 13 countries or more, on track, out of 19 Asian countries.

⁵⁹ Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

⁶⁰ Burma/Myanmar, Cambodia, Indonesia, Laos, Malaysia, Philippines, Thailand, Vietnam.

⁶¹ China, North Korea (DPRK), Mongolia.

Democratic People's Republic of Korea (North Korea). Mongolia also faces difficulties with reaching the target with regard to universal primary enrolment, forest cover and access to water.

2.3.1.4. Regional cooperation and integration

The Commission continued its support for regional cooperation and integration. ASEAN and SAARC were focal points in the regional strategy paper and multiannual indicative programme for Asia adopted in 2007. Assistance to ASEAN continues to focus on its integration efforts as outlined in the ASEAN economic community blueprint and builds on European experience in regional integration issues such as statistics, customs and standards. Assistance to SAARC under the regional MIP will support the SAARC free trade agreement process, the regional sector policies developed by the organisation as well as the region's civil aviation safety standards.

The year 2008 saw significant further progress in ASEAN, with the formal adoption of the ASEAN Charter⁶² including three blueprints for integration in December 2008.

Two new programmes were initiated with a strong focus on integration: the EU-ASEAN migration and border management programme and the EU-ASEAN statistical capacity-building programme.

In 2008, the Commission adopted three new support programmes for ASEAN with a total value of €12 million:

- Enhancing ASEAN FTA negotiation capacity
- ASEAN cooperation project on the protection of intellectual property rights
- ASEAN air transport integration project.

In support of the Asia-Europe Meeting, a third-generation project was launched to extend both the technical capacity and geographical coverage of the Trans-Eurasian Information Network. The ASEM dialogue facility supported participation by poorer Asian countries in high-level dialogues on a variety of topics under the ASEM umbrella. In addition, the Asia-Europe Foundation received funding from the EC and other donors to promote civil society participation in the ASEM process. Support for collaboration between higher education institutions in EU and Asia was continued via the *Erasmus Mundus* programme.

2.3.1.5. Implementation

In 2008, the second implementation year of the DCI, the EC committed €664 million to Asia for policy- and reform-oriented programmes and projects, many

⁶² <http://www.aseansec.org/ASEAN-Charter.pdf>

of them in partnership with other donors, including Member States. Moreover, €307 million (43%) of 2008 EC aid to Asia will be directly disbursed through government budget systems, thus ensuring ownership by the partner countries.

The EC contribution to eradicating extreme poverty and hunger encompassed new measures for food security, including action to alleviate the effects of soaring food prices in Afghanistan (€10 million in total), Burma/Myanmar (€2 million) Cambodia and Laos (€4 million each), and the Democratic People's Republic of Korea (€7 million). The Commission continued its support for refugees and displaced persons through new actions in Sri Lanka and Philippines of €12 million and €3 million respectively. In response to the escalating conflict in Sri Lanka, the EC allocated €36 million for conflict-affected communities. In Bangladesh, €10 million was allocated to strengthen access to land and property rights which will benefit in the first place the landless and vulnerable part of society.

The Commission also launched a first development support project for the DPRK of €3 million – which may pave the way for further development programmes provided there is progress on the denuclearisation issue.

Support for primary and secondary education made up 11% of new 2008 commitments. In India, an additional €70 million were committed to allow continuation of the sector policy support programme for Sarva Shiksha Abhiyan, which supports government policies and efforts towards universal elementary education in a harmonised and coordinated manner with other development partners.

The Asia region also benefits from the higher education regional programme Erasmus Mundus. An additional €95 million was committed for India and China as well as new programmes at Asian regional level. Erasmus Mundus supports joint masters and doctoral programmes between European and non-European universities and the mobility of students and academics.

High-profile higher education symposia and fairs in seven Asian countries (China, India, Indonesia, Malaysia, Philippines, Thailand, and Vietnam) have promoted cooperation and exchanges between Asian and European higher education institutions (Asia Link). Support for basic and vocational education is also provided in Pakistan (€20 million).

Taken together, Community aid to health constituted 11% of new commitments in a large number of Asian countries. In Burma/Myanmar, the EC contributes to the Three Disease fund which aims to reduce the burden of communicable diseases on the local population. In India, a €110 million contribution to the health sector programme improves the quality and accessibility of health services with particular focus on women and children. In 2008, the EC committed €60 million to the public health and nutrition sector in Afghanistan, and another €15 million to strengthen health sector capacity in Vietnam. At

regional level, the EC has delivered timely funding to support the multi-donor trust fund for the fight against infectious diseases and the prevention of avian influenza ('bird flu') and human influenza through technical assistance, community awareness, prevention and preparedness in Burma/Myanmar. It also contributed to the organisation of the Ministerial Conference on Avian and Pandemic Influenza in Egypt, in October 2008.

Strengthening the rule of law and good governance, including public finance management and economic transition reforms, is a major concern and focus for Community aid throughout the region.

The EC successfully supported the *Preparation of Electoral Roll with Photographs*, a comprehensive and effective voter registration system for Bangladesh, which helped ensure sound and fair elections in 2008. The Commission deployed programmes to strengthen the rule of law and security in Indonesia and public finance management in Laos. It also supported dialogue on governance in the Philippines and Vietnam.

In 2008, the Commission contributed €20 million to support justice and €10 million for customs and border management in Afghanistan; €7 million to sustain policy dialogue and public administration in China; €15 million to improve public financial management in Bangladesh; €8 and €2 million to improve governance and human rights in Cambodia and Laos.

The Commission has promoted the role of SMEs in sustainable economic and social development in Asia through instruments like the SWITCH regional programme which promotes sustainable consumption and production. Institutional capacity building was provided in the field of civil aviation in India, trade capacity in China, India, Laos, Philippines, Thailand, Sri Lanka and Vietnam and at regional level – to ASEAN and SAARC.

New funds were committed in 2008 for trade policy support programmes in Bangladesh, Indonesia and Pakistan. ASEAN received support in the areas of air transport, intellectual property rights and for its FTA negotiations.

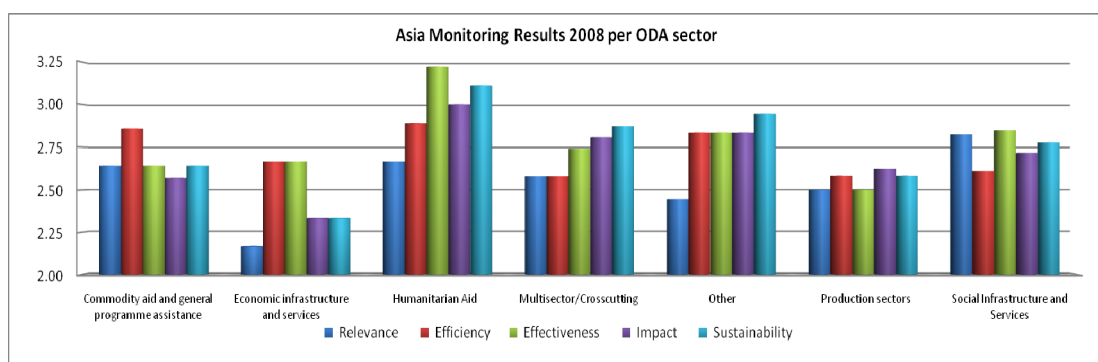
The Commission continued to provide assistance in the areas of rural development, including €30 million towards alternative livelihoods in Afghanistan. EC support to Afghanistan also comprises a €24 million social protection programme. In Pakistan, the Commission will assess the feasibility of sector support in rural development. The Commission also supports capacity development of civil aviation in China.

EC environmental cooperation with China took a major step forward with €35 million to support a Clean Energy Centre and an Institute for Clean and Renewable Energy and to promote environmental governance. New regional programmes concerning climate change and the environment will promote forest law enforcement, governance and trade (€6 million for the FLEGT action plan)

and a switch to more sustainable production and consumption in Asia (€25 million for SWITCH). The Commission strives to improve livelihoods through sustainable management of natural resources and use of renewable energy in Pakistan.

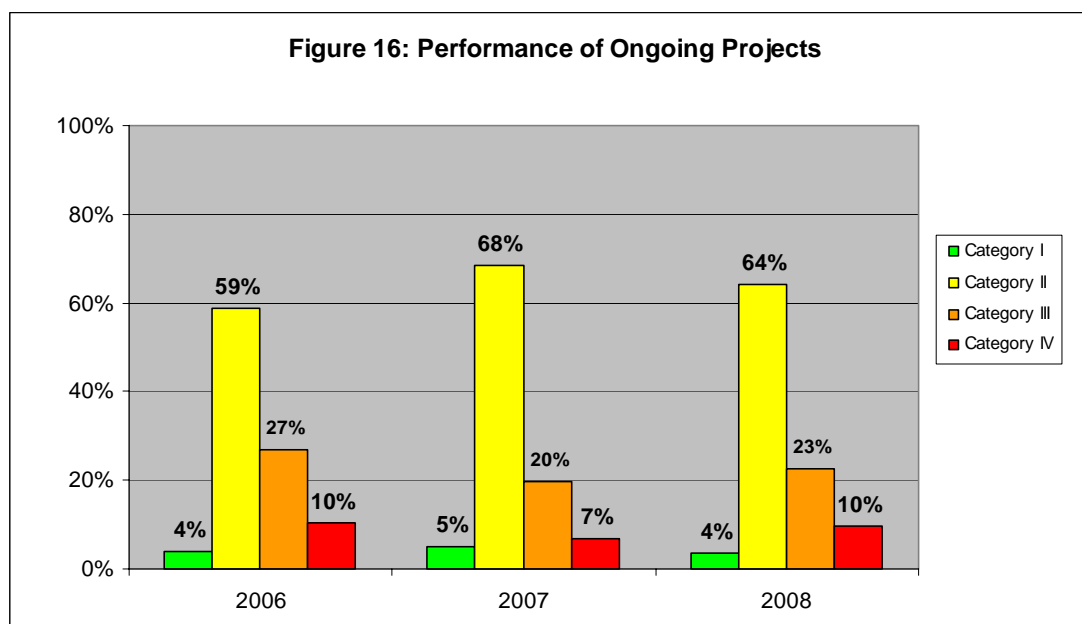
2.3.1.6. Monitoring

Figure 15: Asia Monitoring results per ODA sector



Only samples of a minimum of five monitoring reports are considered statistically relevant. Therefore no information is provided for those sectors having less than the minimum number of monitoring reports. Maximum grading is 4 points

Figure 16: Performance of Ongoing Projects



The figures in this section come from the Results Oriented Monitoring System which evaluates the impact of development projects. The methodology is described in a comprehensive way in Chapter 4.

A total of 189 monitoring reports of ongoing programmes were produced in Asia, covering 18 different countries and with a total budget of €710 million⁶³. Average results were above 2.6 (on a rising scale of 1 to 4). The majority of projects monitored belong to social infrastructure and services. The best performing sector is humanitarian aid with an average score of 2.98 and a peak of nearly 3.25 for effectiveness.

There is clearly scope for improvement in relevance and design quality which received the lowest scores, especially for economic and infrastructure services.

2.3.1.7. Results

EC aid has substantially contributed to progress by Asian countries towards achieving the MDGs, notably in term of eradication of extreme poverty, general/basic health which has improved a lot, education, good governance and respect for human rights and for the rule of law in the context of sustainable development.

In term of fighting extreme poverty, the Commission response to natural disasters (tsunami, earthquakes and flooding) in Bangladesh, Indonesia, Sri Lanka, the Maldives and Pakistan, has contributed to rebuilding livelihoods and rehabilitating infrastructure. The Commission response to the 2004 tsunami was rapid and meaningful, as acknowledged in the European Court of Auditors report (2008)⁶⁴ which stated that the EC responded promptly to meet the real needs of people and to improve coordination and consultation with beneficiary countries at national and local level. Food security programmes and help for uprooted people have also contributed to alleviate hunger and rebuild livelihoods. Asian countries also received EC assistance in agriculture which has helped in a lasting way to reduce extreme poverty by improving living standards.

Considerable support was provided to a large number of Asian countries to help strengthen health, education and other social sectors. The completion of the RHIYA programme was a good example of how to promote reproductive health among youth in Asia. In Afghanistan, the Commission supported the ministry of public health in health-care policy and management, including hospital reform, disability and mental health services, as well as NGOs delivering a basic package of health services in 10 provinces, and an essential package of hospital services in five provinces. This benefited an estimated five million Afghans.

The Commission contributed to improving good governance and respect for human rights and the rule of law in a large number of Asian countries. In Afghanistan for instance, Commission assistance contributed to re-establishing the rule of law, in particular through further funding for LOTFA (the Law and

⁶³ Excluding monitoring of regional programmes.

⁶⁴ eca.europa.eu/portal/pls/portal/docs/1/1357526.PDF

Order Trust Fund) which finances the police, border management and customs support programme. In this way, the Commission helped to increase revenues to the Afghan budget that still remains heavily dependent on donors' support.

The Commission has also contributed to poverty reduction through economic and trade development in several Asian countries. It provided support for the Afghan customs academy and the construction of two border crossing points, further increasing revenues to the Afghan budget. The Asia Invest regional programme has further promoted economic cooperation in the field of SME development. Developing Asian countries have also benefited from the Asia Trust Fund for targeted trade-related technical assistance.

Environment-related programmes were implemented in Afghanistan, China and India and at Asia regional level. In Afghanistan, the National Environment Protection Agency and the ministry of agriculture, irrigation and livelihoods received support to tackle the inadequate management of natural resources; over-exploitation of the natural resource base; collapse of traditional community institutions for managing natural resources; and low levels of public and government awareness. Another good example of EC intervention is the multi-sector policy support programme in India which includes actions for Rajasthan to provide equitable access to safe, adequate, affordable and sustainable water supply and the conservation, stabilisation and replenishment of surface and groundwater.

2.3.1.8. Prospects

The Commission will further focus its external aid under the DCI on MDGs and support for regional integration.

Ownership by the beneficiary is crucial for the success and sustainability of aid programmes. The Commission will engage, together with other donors, in policy dialogue with governments, so as to ensure that the necessary policy and regulatory frameworks are in place to facilitate the success of aid programmes.

Concentration on a more limited number of sectors, increased use of sector-wide approaches and of budget support, combined with an active EC role in policy dialogue with beneficiary governments will contribute to improved results.

Following the recommendations on technical assistance in the Court of Auditors report and its commitment to the Accra Agenda for Action, the Commission will ensure that future programmes have more substantial capacity and institutional development components, making use when possible of relevant European expertise.

Delivery on the aid effectiveness commitments and implementation of the EU code of conduct will remain a priority. The Commission will also make use of new opportunities presented by the DCI Regulation, and seek

support/engagement of relevant public institutions from Member States, and will work closely with other donors.

Improved donor coordination will allow the Commission to further focus on ways to obtain better results and impact. The EC will seek to define smart indicators for measuring progress and triggering disbursements.

2.3.1.9. Success stories

Rebuilding livelihoods after the earthquake in Pakistan

Following the Pakistan earthquake in October 2005, the Commission took rapid action and approved a €50 million package to restore the socio-economic fabric in the earthquake-affected areas. A number of results have been achieved such as public infrastructure rehabilitation and the reconstruction of schools. Through the Multi-Donor Emergency Education Programme led by UNICEF, progress has been made in the construction of transitional shelters. Of these, 180 are now functional and six permanent schools have been handed over to the education department. The improvement of Community-Based Livelihoods Recovery Programme (UNDP) led to over 1 000 dialogues conducted with target communities and the establishment of 950 community organisations. Critical infrastructures (irrigation schemes, link roads) have been rehabilitated and numerous training activities have been carried out (carpentry, masonry, candle making, handicraft etc.).

The Three Diseases Fund (3DF) in Burma/Myanmar

The EC is the second largest donor and will contribute €18 million over a four-year period to the Three Diseases Fund, with the aim of helping to reduce the human suffering caused by HIV, tuberculosis and malaria.

Since 3DF became fully operational in April 2007, broad geographic coverage has been achieved through reaching out to remote communities with mobile and fixed clinics. Funding was provided to 23 implementing partners drawn from NGOs and UN agencies to implement 34 projects in support of the national disease programmes. Between May 2007 and June 2008, 5 530 patients received anti-retroviral treatments through the 3DF (of a total of 10 418 people registered on anti retroviral therapy), 76 128 insecticide-treated bed nets were provided in 2008 to protect the population from malaria; 117 008 malaria cases and 18 329 new Pulmonary TB sputum smear positive cases were successfully treated.

Security programmes in Afghanistan

Support for the UN Office on Drugs and Crime has helped to equip and train border police at the 24 border control posts along the border with Iran, as well as to develop the country-wide fight against chemical precursors to heroin; support also went to UNDP in Tajikistan to train border police and customs personnel.

On security, the Commission has promoted effective law-enforcement through establishing a national police force. With approximately €181 million since 2003, the EC is the biggest contributor to the Law and Order Trust Fund, financing all police salaries and has contributed significantly to improving its performance. The Commission is seen as a critical but constructive player.

2.3.2. *Central Asia*

2.3.2.1. Introduction

Overall relations with Central Asian countries continued to strengthen in 2008. Particular attention was given to the implementation of key initiatives under the EU strategy for Central Asia, including the education initiative and the rule of law initiative, which were launched at high-level events in June and November 2008. Political dialogue intensified with the first EU-Central Asia Security Forum held in Paris in September 2008, and human rights dialogues were launched with all Central Asian countries. Cooperation in the field of the environment was strengthened, notably with the launch of a water policy dialogue with Kyrgyzstan, as the first Central Asian country, under the EU water initiative.

2.3.2.2. Aid effectiveness and donor coordination

During 2008, the Commission made further efforts to promote donor coordination and to implement the EU code of conduct in Central Asia. In 2007, the Commission joined a group of donors establishing a joint intervention strategy (Joint Country Support Strategy) for Kyrgyzstan and Tajikistan in support of national poverty reduction strategies. The strategy for Kyrgyzstan covers the period 2007-2010 while the strategy for Tajikistan is expected to be endorsed in 2009 and cover the period to 2012. Donor coordination in these two countries is also very active around public finance management issues, an area in which the Commission supports a number of projects.

To ensure synergy between EC and Member State assistance to Central Asia a number of assistance coordination meetings organised by or with the Commission took place in 2008. A general assistance coordination meeting with Member States was held in March and a coordination meeting concerning the *Tempus*⁶⁵ programme in September. The rule of law initiative was launched in November followed by the water and environment initiative in December. These meetings allowed for a comprehensive overview of ongoing and planned assistance and policy dialogue initiatives. In all 32% of bilateral aid committed in 2008 for Central Asia will be delivered through the country systems, thereby increasing ownership.

⁶⁵ Trans-European Mobility Programme for University Studies. It covers the EU and other regions, including central Asia

2.3.2.3. Working towards the MDGs

Kazakhstan is likely to achieve most MDGs and has already met a number of them, in particular poverty reduction, access to primary education and empowerment of women. Kazakhstan has consequently adopted more ambitious objectives for those areas: the MDG+ targets. Although progress has been made in Kyrgyzstan and Tajikistan with regard to poverty reduction and in achieving primary education enrolment targets, these countries remain among the poorest countries in Asia according to the Human Development Index. Progress in the fight against HIV and AIDS has been recorded in Kyrgyzstan, Kazakhstan and Tajikistan, but the prevalence of tuberculosis has increased. Further progress remains to be made throughout the region, particularly in the field of health and water and sanitation in rural areas.⁶⁶

EC external aid under the DCI contributes to the fight against poverty and to achieving the MDGs in Central Asia. It provided sector budget support to reform the social protection systems in Kyrgyzstan worth €18 million for 2008-2009 and support for education of €6 million. In Tajikistan, support has been provided for a health management information system and €5 million has been disbursed for poverty reduction in rural areas. In Uzbekistan, the EC contributes to the improvement of living standards of vulnerable groups. Support for education system reforms has been given to Turkmenistan. The Commission also contributed to the MDGs through its €4 million regional programme for the environment.

2.3.2.4. Regional cooperation and integration

Central Asia is strategically situated between Europe and the rest of Asia. Because of its history, its links with Russia and other CIS countries are strong. However, economic ties with Europe and Asia, especially China, are developing rapidly. Regional cooperation is therefore focusing on specific issues where the five countries have an objective need to cooperate. An EU strategy paper for Central Asia identifies five of those areas: education, energy, transport, environment and border management. In all these areas specific cooperation programmes are being implemented or planned.

In the framework of the EU strategy for Central Asia, a series of high-level initiatives have been agreed by the EU and all Central Asian countries, with the active involvement of the EU Member States. At present, three main core-areas of intensified policy dialogue and enhanced cooperation have been identified and initiatives launched: education, environment and the rule of law.

⁶⁶

Based on WB 2008 report and Kazakhstan MDG report 2007.

2.3.2.5. Implementation

In 2008 the EC committed €63 million to Central Asia. The aid was project-based, except in Kyrgyzstan where EU support to reform the social protection systems was in the form of sector budget support.

The new commitments for 2008 cover the following main sectors: health (€1 million), education (€29 million), social protection (€9 million), border management (€5 million), environment (€4 million), democratic governance (€6 million) and rural development (€4 million).

The Tempus regional programme continues to support education reform, curricula development and university modernisation through partnerships between higher education institutions. Support is also provided for vocational education and training to help the population to access new opportunities in the growing and evolving private sector. In 2008, €10 million and €5 million have been committed for the continuation of Erasmus Mundus and Tempus for Central Asia.

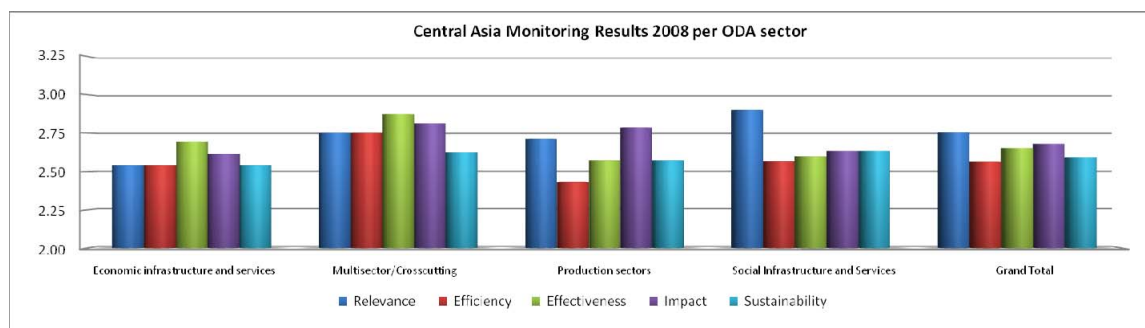
Support for strengthening governance including public finance management and economic transition reforms has been provided to Kyrgyzstan (€9 million) and Tajikistan (€2 million). The EC has also continued supporting civil society in Uzbekistan through the institution-building and partnership programme (€2 million) and has contributed €2 million to increase the effectiveness of the legislative process of the Uzbek Parliament.

Under the border management programmes BOMCA and CADAP, border crossing points in the region have been constructed and a constant policy dialogue with the five countries is conducted bilaterally and regionally. The rule of law initiative supports reforms and the sharing of experiences between the EU and Central Asia in the area of legal and judicial reforms.

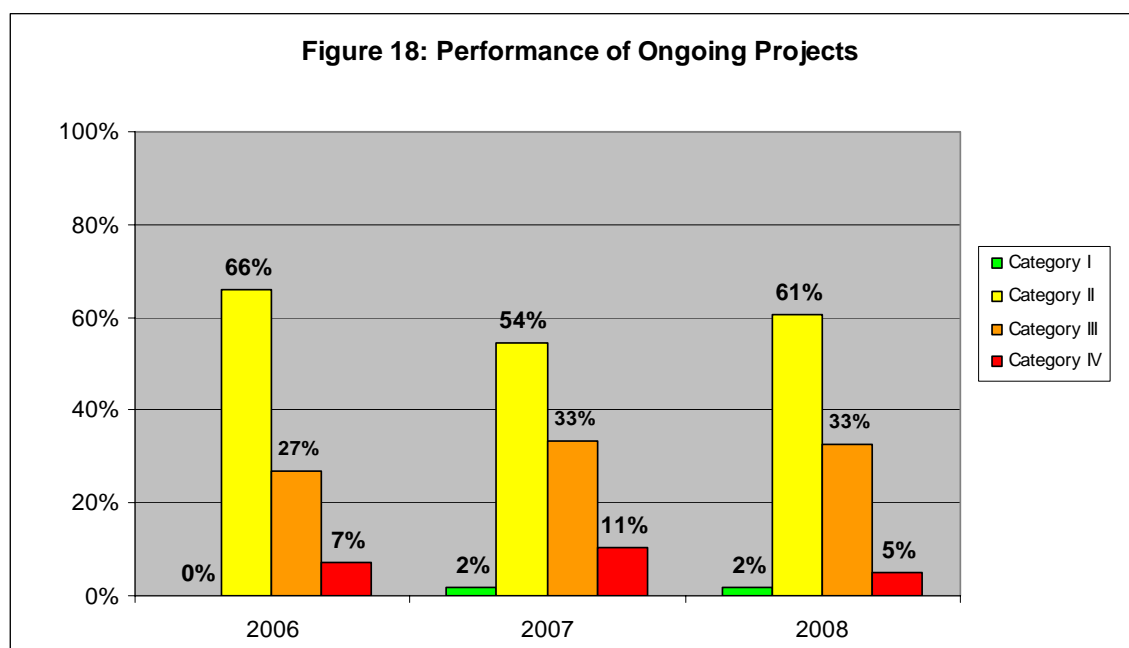
In order to ensure environmental sustainability, the EC has committed €4 million in favour of a regional environment programme focusing on protecting water resources.

2.3.2.6. Monitoring

Figure 17: Central Asia ROM Monitoring results per ODA sector



Only samples of a minimum of five monitoring reports are considered statistically relevant. Therefore no information is provided for those sectors having less than the minimum number of monitoring reports. Maximum grading is 4 points.



The figures hereafter refer to the Results Oriented Monitoring System (ROM), implemented to evaluate the impact of projects on development. The methodology is described in a comprehensive way in Chapter 4.

A total of 101 monitoring reports for ongoing projects in the five countries of Central Asia have been produced, covering actions with a total budget of €89 million⁶⁷.

Monitored projects were mainly implemented in four areas: social infrastructures and services, followed by economic infrastructure and services, production sectors and finally multi-sector and cross-cutting issues.

⁶⁷

Excluding reports on regional cooperation.

On a rising scale of 1 to 4, the average scores for Central Asia for 2008 all show an improvement over 2007, with the exception of efficiency which fell from 2.64 to 2.61. Relevance/quality of design improved from 2.61 to 2.71; effectiveness rose from 2.53 to 2.64; impact from 2.57 to 2.68 and sustainability from 2.53 to 2.66.

2.3.2.7. Results

The *Joint Progress Report by the Council and the European Commission to the European Council on the implementation of the EU strategy for Central Asia*⁶⁸ concludes that the intensified high-level political dialogue with Central Asian countries has contributed positively to practical cooperation.

The regional approach is given high priority when implementing the strategy in areas like combating drug trafficking, modernising border management, promoting higher education, facilitating energy and transport links and environment issues including water management. The rule of law initiative for Central Asia, launched at a Ministerial meeting in November 2008 in Brussels, supports reforms and the sharing of experiences between the EU and Central Asia in the area of legal and judicial reforms. The European educational initiative for Central Asia, launched in Ashgabat in April 2008, seeks to increase dialogue, resources and exchanges in the area of education.

The EC provided substantial support to civil society organisations and non-state actors. It also supported the provision of basic social services through the non-governmental sector, complementing ineffective governmental systems in Uzbekistan and Tajikistan. Support for rural development in Tajikistan has led to improved sustainable on-farm and off-farm livelihoods and better access to clean drinking water. In Kyrgyzstan and Tajikistan, the Commission's support for public finance management and technical assistance projects contributed further to capacity development which allows for delivery of aid through sector budget support programmes.

2.3.2.8. Prospects

As part of the EU Strategy for Central Asia⁶⁹, regional and bilateral cooperation programmes will continue in line with the strategic guidelines of the Central Asia indicative programme 2007-2010. This includes continued support to regional cooperation in higher education, border management, environment and rule of law. In Uzbekistan, there are large programmes planned for the coming year to support judicial reform and rural development. In Kazakhstan €13 million will go to a programme on poverty reduction and local development with

⁶⁸ http://ec.europa.eu/external_relations/central_asia/docs/progress_report_0608_en.pdf

⁶⁹ The EU and Central Asia: Strategy for a New Partnership, adopted by the Council of the EU on 31 May 2007 (10113/07)

the purpose of supporting the national and local governments, lawmakers and local development actors in further developing and implementing policies to improve living conditions for the most vulnerable people. Continued sector budget support to reform the social protection system in Kyrgyzstan and Tajikistan are planned, based on positive evaluations of ongoing programmes.

2.3.2.9. Success stories

A more effective and better targeted social protection system in Kyrgyzstan

After independence, the social protection systems inherited from Soviet times faced a double challenge. Due to increasing poverty, needs were rising, while the resources to meet these needs were shrinking. As a result, the level of service in many institutions fell dramatically. In addition, many allocations in kind or privileges could no longer be justified in the new context.

The Commission supported the necessary reforms through the food security thematic programme. Key reforms were de-institutionalised; a monetisation of benefits and a reduction of privileges were carried out; social allocations for families or individuals without resources have been and continue to be re-organised in order to target social support to those who need it most. Better data for estimating income levels should facilitate the process. With the recent increase in food prices, the Commission provides, jointly with other donors, the financial resources allowing for an increase of these allocations.

A specific case is that of residential institutions for orphans or abandoned and/or handicapped children. Due to unrestricted access to such institutions shortly after independence, a number of emigrants, leaving the country to find work abroad, abandoned their children in orphanages. However the state did not have the resources to provide an adequate diet, nor decent services. Thanks to support from the Commission, child mortality in these institutions has been reduced, and food and care improved, while at the same time admission has been made much more restrictive. The new policies being implemented will further reduce the role of such residential institutions by developing social services to support families, including day-care centres.

2.3.3. *Middle East*

2.3.3.1. Introduction

Three countries in the Middle East are covered by the DCI: Iraq, Iran and Yemen. Positive, though fragile, improvements in security in Iraq during 2008, plus substantial Iraqi government revenue from oil exports, prompted the first steps in a shift of EC assistance away from emergency reconstruction, and towards long-term capacity building. A key priority of the Iraqi government and its international partners is to provide the necessary technical assistance to the different institutions so as to allow the country to make the best use of its own

considerable financial resources. EC support in the medium-term is therefore set to concentrate on the sustainability of Iraqi institutions, on the improvement of management and civil service capacity and on boosting the provision and quality of basic services (health, water/sanitation). The Commission also continued its major programme of rule of law assistance – ranging from building up judicial institutions and the machinery of human rights protection to support for NGOs providing citizens' rights and legal advice.

In parallel, the EC continued to focus a large proportion of its aid on support for internally-displaced people and refugees in Jordan and Syria, so as to ease their increasingly difficult living conditions.

In Yemen, while the government remained committed in principle to its reform agenda – taking forward civil service reform and financial management measures – progress on the adoption of a revised election law, in line with EU recommendations in 2006, remained stalled. Meanwhile the overall situation in Yemen deteriorated, with fighting in the northern governorates until mid-year and signs of social unrest due to rising food and fuel prices. The EU raised its level of involvement, to try to help Yemen avoid state failure, raising the planned allocation from the DCI budget by another 25% to €19 million. New Commission assistance projects focused on support for juvenile justice and the rule of law in Yemen and a reproductive health programme. These were additional to existing governance work (electoral and democratic support as a follow-up to the 2006 EU elections observation mission) and local community development through the Social Fund for Development.

Finally, the Commission continued to support the negotiations of the EU3 (France, Germany and the UK) with Iran in the hope that the nuclear dossier could be unblocked, opening the way for enhanced cooperation. Support for non-state actors was provided for under an Iran-specific call for proposals, while support was also offered to Iran in the context of cross-regional cooperation to combat drug trafficking.

2.3.3.2. Implementation

The Commission has supported the reconstruction of Iraq since 2003 contributing over €785 million. EC reconstruction aid concentrates on fighting poverty through alleviating the difficulties encountered by the Iraqi people. Almost half of the aid has gone into the development of basic services with the remainder devoted to human development sectors, the improvement of institutional capacity, and electoral support. In 2004-2007, EC support was principally channelled through the IRFFI – the International Reconstruction Fund Facility for Iraq, a multilateral mechanism established in 2004. Working through the IRFFI enabled the international community to combine their efforts through a common strategy and action channel. In this way, the EC was able to deploy its support in challenging conditions and a very difficult security environment

where direct Commission action would not have been feasible. This was complemented by bilateral actions with Iraq such as support for civil society organisations in the field of human rights and technical assistance to key Iraqi institutions. In the last few years, the Commission increased significantly its support to the displaced Iraqi population inside Iraq, in Syria and in Jordan, in view of their huge numbers and difficult situation.

The 2008 assistance programme for Iraq has been predominantly implemented on a bilateral basis in the light of the improved security situation and the decision of the Donor Committee to gradually wind down IRFFI's operations. A major programme of technical assistance to Iraqi government departments and institutions was approved. The assistance programme also provides support for specialised medical services, together with a project to improve water services and increase government capacity to manage the water and sanitation sectors. Five programmes have been put in place to support internally displaced persons inside Iraq and the large number of refugees in Syria and Jordan.

As Yemen is one of the poorest countries in the world, EC assistance concentrates on helping meet the basic economic and social needs of the Yemeni population. In 2008, the focus was on two main areas. One is the Reproductive Health and Population Programme, which will continue to tackle the high birth rate in the country and to improve healthcare for children. The second is the Juvenile Justice, Rule of Law and Public Administration Modernisation programme, to help with the important reform efforts of governance institutions.

Despite a difficult political context for cooperation with Iran, the four existing projects promoting good governance and human rights (essentially through UN bodies) and in the field of drug rehabilitation proceeded satisfactorily. Activities undertaken as part of one of those projects have now been completed. Two new projects financed under the *Non-State Actors and Local Authorities in Development* thematic programme were expected to get underway in early 2009. One will focus on the reduction of natural risk vulnerability of communities and buildings in natural disaster-prone areas of Iran. The other aims to stimulate social and economic development in impoverished areas of Iran.

2.3.3.3. Prospects

Programming of assistance to Iraq has been on a yearly basis since 2003. The adoption of a strategy paper and indicative programme has not been possible until now, in view of the security situation and the prevailing political uncertainty. Yearly programming will continue in 2009 and 2010, which will be a period of very important changes in Iraq, including the holding of elections and referenda plus the planned withdrawal of international coalition forces. If this process goes well, the Commission foresees the establishment of the first multi-annual programming exercise in the period 2011-2013.

Given Yemen's poverty and its high dependence on food imports and exposure to high food prices, the Commission concentrates its aid for 2009 on food security. The exceptionally large number of projects in this area will tackle the issue from different angles to try to improve both the availability and the access to food by the poorest. The total cost of €25 million will be funded from the EC's annual action programme and from the food security thematic programme.

2.3.4. *Latin America*

2.3.4.1. Introduction

Latin America was high on the EU's external policy agenda in 2008, leading to the deepening of mutual relations.

In 2008, the political dialogue between the two regions culminated in the Fifth European Union–Latin America and Caribbean (LAC) Summit of Heads of State and Government that took place on 16-17 May in Lima, Peru. This summit, under the heading *Addressing our Peoples' priorities together*, was a successful event, demonstrating the strength of the bi-regional strategic partnership and the willingness of both regions to work together to address major global challenges. In the run-up to the summit, the European Commission organised or co-organised several preparatory events, notably the Forum on Social Cohesion (Santiago de Chile, September 2007), the First EU-LAC ministerial meeting on the environment (Brussels, March 2008) and the third EU-LAC experts' meeting on migration (Brussels, March 2008.)

The Lima summit adopted a Declaration which includes a Lima Agenda for Joint Action containing concrete commitments and actions on the two key summit themes in the period up to the next summit in 2010 in Spain: social cohesion and sustainable development. Beside these two key themes, the Lima summit addressed other inter-related issues such as concern at rising food prices, migration, and investments and the need for a stable legal investment climate.

As a follow-up to Lima, the Commission held a structured and comprehensive dialogue on migration with Latin America and the Caribbean. It held regular high-level meetings with the region's representatives to present and explain the EU's evolving common migration policy. The meetings presented an occasion to exchange information and concerns with a view to identifying common challenges and increasing mutual understanding of migration realities.

On the subject of regional integration – a key element in EU policy towards the region – the Commission continued in 2008 to pursue negotiations to conclude comprehensive association agreements (political dialogue, cooperation and preferential trade) with the Andean Community and with Central America. Several negotiating rounds took place in 2008 with Central America, and negotiations for the association agreement are expected to be concluded in 2009. Negotiations with the Andean Community face serious difficulties due to the

different political views within the Andean Community. The Commission has tried hard since the beginning of the negotiations to accommodate the different positions of the Andean Community countries to allow the negotiations to proceed. Given the absence of a consensus among its partners and the impasse in the negotiations, the Commission pursues separate trade negotiations with those Andean Community countries which have expressed an interest in deepening the existing political and cooperation agreement. Negotiations on an association agreement with Mercosur remain on hold. However, political dialogue and cooperation moved ahead in 2008. A number of meetings at technical and ministerial level took place to review the situation of the negotiations and to hold political dialogue on issues of mutual interest. These contacts culminated in May 2008 in a separate gathering of EU and Mercosur leaders during the EU-LAC Lima summit.

The establishment of a strategic partnership at the first EU-Brazil summit in Lisbon in July 2007 has given relations with Brazil a new platform. The strategic partnership rests on five principal pillars for cooperation: peace and security; economic, social, and environment issues; regional cooperation; science, technology and innovation; people-to-people exchanges. In advance of the second summit on 22 December 2008 in Rio de Janeiro, the EU and Brazil prepared a draft Joint Action Plan that sets out the path for relations over the next three years.

Commission President Barroso visited Mexico in May 2008, confirming the progressive strengthening of EU-Mexico relations since the global agreement of 2000. In a Communication on 15 July 2008⁷⁰, the Commission recommended to the Council and to the European Parliament the establishment of a strategic partnership with Mexico putting it on a par with the other so-called Outreach 5 countries: China, Brazil, India and South Africa. The Commission's initiative was endorsed by the EU Member States in October. The strategic partnership will mainly enhance coordination of EU and Mexico's positions on global issues but will also boost the bilateral cooperation.

Relations with Chile continued to develop positively during 2008 in the framework of the 2002 Association Agreement. An EU-Chile summit took place during the main Lima summit. The two sides are now exploring ways to develop the relationship further, building on the excellent results achieved since the Agreement entered into force. In particular, Chile tabled a proposal to launch a new agenda of policy dialogue and cooperation, the *Asociación para el desarrollo y la innovación*, which will be essentially a bilateral EU-Chile initiative but open to involvement of other Latin America countries in sharing experience and good practices.

⁷⁰

COM(2008) 447 final of 15.07.2008

In 2008, the EU also remained determined to strengthen multilateralism by working as closely as possible with all relevant international organisations involved in cooperation with Latin America, like the UN and its Agencies (notably ECLAC and UNDP), the Inter-American Development Bank and other international financial institutions plus other partners. EU representatives met US, Canadian and Russian counterparts to exchange views and explain policy towards Latin America.

2.3.4.2. Aid effectiveness and donor coordination

Increasing donor coordination especially with EU Member States remains a priority. The Commission promotes, organises and participates in regular meetings with Member State representatives and other donors to exchange experiences and to ensure coherence between its policies and other cooperation activities and programmes. Sector approaches have encouraged a more harmonised and effective pooling of development potential.

The first-ever conference on EU donor coordination in Latin America was organised by EuropeAid and the French EU Presidency in December 2008 in Brussels. This gave EU Member States, via their relevant ministries and agencies, and international organisations active in Latin America a unique opportunity to inform each other on their activities in the region and to take stock of aid effectiveness mechanisms already in place. This conference was in line with the Accra Agenda for Action and the EuropeAid Action Plan currently under preparation.

In the Latin American region, many activities have been launched to apply the EU code of conduct on the division of labour among donors, in close consultation with beneficiaries and donors. In Nicaragua, for example, cooperation activities of the EU and its Member States were mapped via the ODAnic Database. In Bolivia, the Commission was nominated to chair the working group for monitoring the poverty reduction strategy. This group aims to strengthen dialogue with the government, other donors and civil society in all priority sectors. The results of its work will lay the foundation for future political actions between the G16 (donor countries, development banks and the UN) and the government.

2.3.4.3. Working towards the MDGs

According to the *Millennium Development Goals Report 2008*⁷¹, the region as a whole has already met at least five MDGs. In the other areas, progress has been rapid enough to put Latin America on track to meet the 2015 deadline. The 2008 report notes nonetheless that, despite the progress made, Latin America still faces several challenges, particularly with regard to reducing child and maternal

⁷¹

<http://www.un.org/millenniumgoals/>

mortality, reducing adolescent pregnancies and meeting the need for family planning. Furthermore, income inequality is one of the highest among all developing regions, and the very high unemployment rate among young people remains one of its major challenges.

The European Commission actively contributes to the achievement of the MDGs through several activities. In El Salvador, the Commission is financing a €37 million budget support programme that aims at alleviating extreme and severe poverty (MDG 1) through improved basic services and infrastructure in rural areas. These cover: education (MDG 2), healthcare (MDG 4-5), water, sanitation, electricity, and roads, in 100 municipalities. The PAPES programme has already ensured the extension of health services to 81 municipalities and 413 000 citizens. More than 250 000 inhabitants of local communities have benefited from new infrastructures (rural roads, schools, health units, bridges). In the 32 municipalities classified as suffering from severe poverty, the population with access to sanitary services increased from 65% to 77%; the percentage of schools with access to electricity rose from 66% to 81% and the percentage of schools with access to drinking water from 57% to 85%.

In Honduras, the PRAEMHO⁷² programme (€28 million) supports secondary education (MDG 1 and 2) by providing professional training to students. The programme is a component of the poverty reduction strategy of the government of Honduras. To date, some 4 340 teachers were trained in professional and technical training skills. A total of 1 446 students have benefited from grants guaranteeing their access to training and entry into the workforce; and 33 workshops, 42 laboratories and 18 classrooms were built and equipped in 19 secondary schools.

In Peru, the PROPOLI⁷³ programme (€12 million) fought poverty (MDG 1) in the Lima metropolitan area by integrating lower-income families into socio-economic development processes. It has financed the creation of 780 micro-enterprises in the sector of production, services and trade through a business initiative fund. Close to 10 000 micro-enterprises received training, consultancy and technical assistance for their development. The programme, "*Enterprising Women*" (MDG 3) allowed 700 women to engage in trade activities, notably through the organisation of trade fairs.

2.3.4.4. Regional cooperation and integration

Latin American countries have embarked on regional integration processes, a priority area for European Commission support.

⁷² http://ec.europa.eu/europeaid/where/latin-america/country-cooperation/honduras/honduras_en.htm
⁷³ http://ec.europa.eu/europeaid/where/latin-america/country-cooperation/peru/peru_en.htm

Two initiatives were approved in 2008 to fight drug trafficking in the Andean Community (CAN). The programme INTER-CAN (*Integración Económica Regional de la CAN*), received €6.5 million to improve cooperation in the area of intra-regional trade through an integrated control of goods and services at borders. This can be achieved for instance by working on better links between administrations through electronic data exchange networks and improved customs inspection laboratories. The programme PRADI-CAN (*Programa Antidrogas ilícitas en la CAN*) is the first comprehensive cooperation project on drugs within the 2007-2013 programming period. One of the main goals, with funding of €3.25 million, will be the establishment of a network of national observatories on drug trafficking. Other elements will aim at developing regional activities on control of precursors in the CAN and improving the capacity of drug-related analysis of the countries of the Andean Community.

In Central America, the second support programme for Central American regional integration (PAIRCA II) was launched with an EC contribution of €15 million. The overall objective of the programme is to support the process of regional integration by strengthening its institutional system, with a view to increasing its efficiency and legitimacy. The specific objectives are mostly oriented towards:

- Facilitating the process of reform, structuring and modernisation of the system, as well as supporting regional and national institutions in their efforts to cope with the challenges at stake;
- Enhancing coordination and networking at all levels, as well as increasing civil society participation;
- Raising awareness among the population in general and making training and information available to the public.

In 2008, the Commission also approved an audiovisual programme to strengthen the cinematographic and audiovisual sector in Mercosur as an instrument to foster the regional integration process and the participation of civil society. The programme has been designed to:

- Promote the free circulation of cinematographic and audiovisual goods and services and the population's access to them;
- Contribute to the harmonisation of legislative issues of the cinematographic and audiovisual sector in Mercosur (supporting the Mercosur Work plan⁷⁴);
- Increase the market share of Mercosur audiovisual products in the region through regional distribution, exhibition and production agreements;
- Increase the number of Mercosur co-productions, promoting interregional exchange, and Mercosur content with a view to increasing the Mercosur profile;

⁷⁴

MERCOSUR/LXX GMC/DT 21/07

- Promote the complementarities and integration of the cinematographic and audiovisual industries in the region by reducing asymmetries between the productive structures of Mercosur member countries, with special attention to Paraguay.

2.3.4.5. Implementation

In 2008, the Commission approved 18 bilateral cooperation actions with a total financial commitment of more than €348 million. The main sectors of intervention were education and culture with six actions, together with trade and regional integration, social cohesion and economic development, and good governance and human rights with four actions each.

Budget support has become the preferred instrument of cooperation with Latin America during the last few years. This is the case in countries like Nicaragua, Bolivia, El Salvador, Honduras, Ecuador, Uruguay, Guatemala and Peru for various sectors such as poverty reduction, education, justice, government decentralisation, growth and trade, water management and innovation. Since 2003, the EC has committed through budget support an average of €84 million per year. In 2008, the EC committed a total of €166 million to support the poverty reduction programme in Honduras, to improve global social spending in the education sector and support sustainable economic opportunities in Ecuador, to support the education sector in Paraguay and to support the national plan for river basins in Bolivia.

Cooperation with Nicaragua, the third biggest recipient of EC aid after Bolivia and Honduras for the period 2007-2013, ran into difficulties at the end of 2008. The European Commission and other EU donors decided in December to suspend the disbursement of the aid channelled through budget support to the government of Nicaragua. Nevertheless, the Commission continued its activities outside of budget support and will review the situation in the light of action taken by the Nicaragua government.

In Colombia, one of the 17 countries receiving EC assistance in this region, the Commission supported the UNHCR's protection response for internally displaced persons, with an emphasis on the restitution of their land and property. In a context where conflict between the FARC and ELN guerrilla movements has led to mass forced displacement, with nearly 70% of those affected losing their homes and their lands, securing land and property rights is essential for making long-term peace, stability, economic vitality and justice possible in Colombia. This was the objective of the EC and the UNHCR in the framework of the global protection plan 2007-2009, with an EC contribution of €4 million. In particular, it aims at promoting and updating the existing legal framework on the state's international obligations, at reinforcing institutional capacity building, at promoting social organisation and empowerment and at strengthening domestic supervisory mechanisms. To achieve these results, the UNHCR used a

participatory assessment methodology whereby beneficiaries were involved to identify gaps in public policies at national and local levels, to implement direct protection responses and to identify vulnerable groups and their most common protection risks.

The regional cooperation programmes⁷⁵ aim to develop closer and sustainable links between civil society in Latin America and Europe. The year 2008 was one of transition for the regional programmes, with new activities starting in 2009. Nevertheless, 2008 did produce visible and positive impacts. Some examples of successful programmes are:

EUROsociAL⁷⁶ (EC contribution €31.3 million, 2005-2009): this programme aims to increase social cohesion in Latin America by promoting reforms and improved management of public policies through the exchange of experiences with European public institutions. Up to November 2008, some 228 exchanges had taken place in the five key areas (education, employment, health, taxation and justice), with the involvement of 1 176 organisations (862 from Latin America and 314 from the EU) and 5 638 participants (4 708 Latin Americans and 930 Europeans). These activities contributed, amongst other things, to the passing of a law against femicide and other forms of violence against women in Guatemala and allowed the government of Paraguay to launch a comprehensive reform process in the field of fiscal policy by encouraging voluntary fulfilment of fiscal duties while protecting citizens' rights.

Alban⁷⁷ (*Programme for Higher Education and Training Scholarships in the European Union for Latin American citizens*: EC contribution €88.5 million, 2002-2010). This programme awarded 3 319 grants to nationals of the 18 participating Latin American countries to obtain masters, doctorates or advanced specialisation training in 17 EU countries. At the end of 2008, a total of 677 students from Latin America were still involved in academic projects with the support of Alban.

This will be complemented by a new €41.6 million programme within the framework of the Erasmus Mundus External Cooperation Window which will promote partnerships and exchanges between European and Latin American higher education institutions as well as a mobility scheme.

AL-INVEST III⁷⁸ (*EU-Latin America Trade and Investment Promotion Programme*: EC contribution €42.9 million, 2003-2007). This is an economic cooperation programme to help create cross-border links for SMEs in Latin America, in collaboration with European business associations in order to

⁷⁵ http://ec.europa.eu/europeaid/where/latin-america/regional-cooperation/index_en.htm
⁷⁶ http://ec.europa.eu/europeaid/where/latin-america/regional-cooperation/eurosocial/index_en.htm
⁷⁷ http://ec.europa.eu/europeaid/where/latin-america/regional-cooperation/alban/index_en.htm
⁷⁸ http://ec.europa.eu/europeaid/where/latin-america/regional-cooperation/al-invest/index_en.htm

reinforce social cohesion in the region. AL-INVEST III ended in June 2008. Throughout its 15-year life from 1993 to 2008, the programme received a total of €144 million from the Commission, and generated over €500 million worth of intra-regional trade and investment, representing a return on spent public funds of about 3 to 1. The calls for proposals and calls for tenders for the follow-on programme AL-INVEST IV were published in spring 2008 and contracts for a total amount of €50 million were signed by the end of 2008.

The objectives of the programme @LIS⁷⁹ - *Alliance for the Information Society* (EC contribution €63.5 million) are to establish cooperation on policy and regulatory frameworks in key areas and to boost interconnections between research networks and communities in Europe and in Latin America hence reducing the digital divide and integrating Latin America into a global information society. Five horizontal actions and 19 demonstration projects (in sectors like e-education, e-inclusion, e-governance and e-health) have been launched involving more than 220 stakeholders in both regions. In the health sector, the projects T@lemed and EHAS have developed a telemedicine application for medically underserved and remote regions in Brazil, Colombia, Cuba and Peru. In the education sector, the INTEGRA project has integrated new information and communication technologies in 150 secondary schools and 220 primary schools in Argentina, Chile and Uruguay, developing and promoting interconnectivity in the region. A second phase of @LIS was adopted in October 2008, with an EC contribution of €22 million.

The EURO-SOLAR⁸⁰ programme, with an increased EC contribution of €28.7 million, aims to enable remote rural communities without access to electricity in eight countries (Bolivia, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay and Peru) to benefit from renewable electric energy. In 2008, preparatory activities were carried out, such as the selection of 600 rural communities, as well as the selection and testing of electrification equipment and other supplies (photovoltaic panels, battery chargers, refrigerators, a water cleaning system, computers, etc) so as to install all the kits in 2009.

A study facility in the field of climate change "EUroCLIMA" was approved in December 2008 with a total budget of €630 000 (EC contribution €500 000). This facility aims to finance studies on the socio-economic impact of climate change in Latin American countries.

2.3.4.6. Monitoring

The figures in this section come from the Results Oriented Monitoring System which evaluates the impact of development projects. For more on the methodology, see Chapter 4.

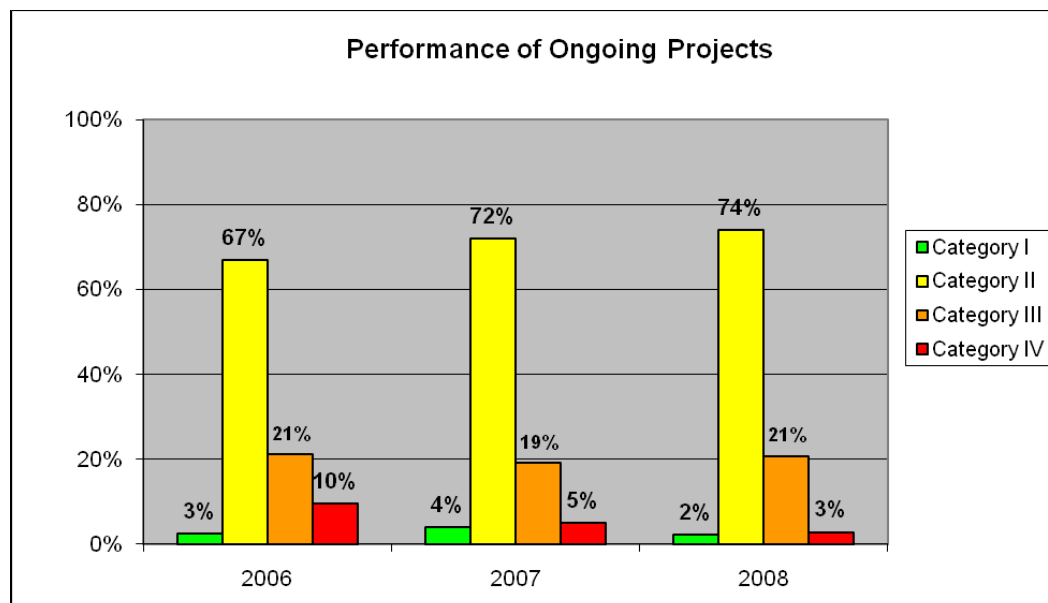
⁷⁹

⁸⁰

http://ec.europa.eu/europeaid/where/latin-america/regional-cooperation/alis/index_en.htm

http://ec.europa.eu/europeaid/where/latin-america/regional-cooperation/euro-solar/index_en.htm

Figure 19: Performance of ongoing projects



Sixteen countries were visited and 202 projects monitored, of which 173 are ongoing while 29 have been completed and were monitored *ex post*. A large number of projects (70%) were concentrated in eight countries (Colombia 25, Brazil 19, Guatemala 16, Peru 14, Nicaragua 13, Bolivia 12, Honduras 12 and Ecuador 11).

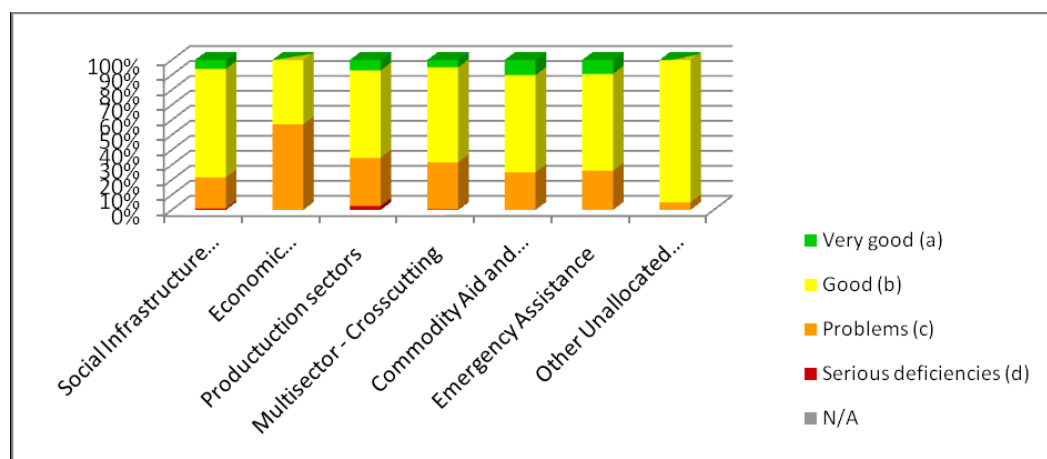
Of the 173 ongoing projects monitored, 106 were projects with an EC contribution of more than €1 million (100% of eligible projects), against 67 projects with an EC contribution of less than €1 million (38% of monitored projects). The average financial amount is €4.36 million, although this figure varies significantly. In addition to monitoring reports for the 173 ongoing projects, 29 *ex post* monitoring reports, six country reports (Guatemala Brazil, Peru, Nicaragua, Colombia and Ecuador) and two sector reports (environmental and social cohesion) were produced.

The overall average score of 2.81 (on a rising scale of 1 to 4) reflects a very good performance, based on a target of 2.5, which means that projects are on track. Projects show very good relevance (2.80), effectiveness (2.81), impact (2.86), sustainability (2.88) and good efficiency (2.68). The scores for the five criteria were (a) very good 6%, (b) good 66%, (c) problems 26% and (d) serious deficiencies 1%. Potential sustainability is again the most positively-assessed parameter (79%), whereas efficiency remains the weakest (62%). Both parameters have increased compared to their 2007 scores. The three remaining criteria – quality of design, effectiveness and impact – record similar scores (71%, 73% and 77% respectively) to 2007. Looking at results by ODA sectors, the trend is similar to that of 2006 and 2007. Social infrastructure and services are the most important sector in Latin America (representing 36.3% of the total

portfolio monitored in 2008), followed by multisector/cross-cutting projects (30.8%) and the production sector (16.9%). In terms of performance, social infrastructure and services, score highest (78% with good or very good ratings), whereas economic infrastructure and service projects score poorly (57% of them with problems). The 12 commodity aid and general programme assistance projects score relatively well also (75% rated as good or very good). The criteria with the best scores in all sectors are: relevance, impact prospects and potential sustainability. This year, by region, the Andean Community shows the best results with a score of 2.93.

Of the 173 ongoing projects monitored in 2008, 35 were re-monitored (as done in 2006 and 2007), a 20% sample. The overall results show an improvement in the average scores for these projects ranging from 2.68 to 2.72. Of particular note are the improvements recorded in efficiency, with a score increasing from 2.44 to 2.66.

Figure 20: performance per ODA sector



2.3.4.7. Results

Currently more than €4 billion is committed in the Latin America region and its countries, financing more than 900 ongoing projects managed by governments, local authorities, non-state actors, NGOs and other international organisations and agencies.

The Commission has contributed to the development of various focal sectors such as social cohesion where various programmes have encouraged governments to tackle income inequalities within the population by offering training and education to underprivileged persons together with equal economic and social opportunities. The Commission has also contributed to the regional integration processes, encouraging governments to cooperate with each other in various sectors.

2.3.4.8. Prospects

The year 2009 will be a challenging one for cooperation with Latin America. With the current financial and economic situation, the European Commission will have to ensure the continuity of its commitment and performance in its assistance to the most vulnerable socio-economic groups of the Latin American population. At the European Union-Latin America and Caribbean Summit in Lima, the parties reaffirmed their commitments to the reduction of poverty and inequalities and to actions on the environment, climate change and energy. In the coming years, more effort will be needed to tackle those issues and guarantee sustainable development in the region.

The Commission will seek closer coordination with EU Member States as well as with other multilateral donors. On aid delivery methods, the Commission will strive to make greater use of budget support, when and where the appropriate conditions exist, in order to strengthen local ownership and support beneficiary countries' national policies, accountability and procedures.

2.3.4.9. Success stories

Panama: Incorporation of new electrification technologies for education and health in marginal areas (SOLEDUSA)

Even though Panama is one of the richest countries in Latin America, it displays major contradictions, with a very uneven income distribution and territorial disparities between the various provinces of the country. In all, 40.5% of the population live in poverty.

The SOLEDUSA project aims to overcome inequalities and improve rural living conditions by raising the quality of primary education and health services through the provision of renewable electrical energy to education centres and health facilities. The project provided access to appropriate technologies and training processes. Of the 431 solar-based electrification systems installed, 333 were in schools, benefiting 35 500 pupils. Another 97 went to health centres, benefiting the whole population in the Veraguas Province while one was installed at the University of Technology of Panama. Furthermore, audiovisual equipment and computers were installed in schools and health centres to support educational and health programmes. To ensure the sustainability of the project, 342 committees in the different communities were created to promote the use of solar energy and ensure the maintenance of the equipment, and more than 3 000 people were trained in schools and health centres.

Colombia: Peace Laboratory in Magdalena Medio

The programme started in 2002 with the main objective of establishing, in the Magdalena Medio Department, a 'Peace Laboratory'. By defending the basic human rights of all the inhabitants and promoting sustainable human

development, the laboratory contributes significantly to citizens' peaceful coexistence and shows effective and viable ways to overcome the conflict that can affect other regions of Colombia. Many other donors are also contributing to this programme that will end in 2010.

The programme has consolidated, in 29 municipalities in the south of the Departments of Bolívar, Cesar, Antioquia and Santander, a series of participatory processes (about 84 000 direct beneficiaries participate in more than 300 projects) on sustainable development, civic coexistence and institutional strengthening. Over the years, it has helped indirectly to reduce levels of violence, to lower the number of kidnappings, to decrease the production of coca. As a result, the regional aggregated value of income has increased.

2.3.5. *South Africa*

2.3.5.1. Introduction

The first ever EU-South Africa Summit took place in France in July 2008. It was an opportunity to discuss a wide range of subjects, including difficult ones such as Zimbabwe, in a constructive atmosphere. The summit confirmed the very good relations between the EU and South Africa, and gave new impetus to cooperation and dialogue in areas like the environment, energy, transport and migration. It took place in the framework of the EU-South Africa strategic partnership, and the action plan for its implementation adopted in May 2007. The next summit is scheduled to take place in South Africa in the second half of 2009 during the Swedish EU presidency. The Joint Cooperation Council on 3-4 November further reviewed the state of play of sectoral policy cooperation with South Africa, opening up additional new areas of dialogue such as on space and health.

Also in 2008 the Council of the European Union adopted an amendment to the Trade Development and Cooperation Agreement that the Commission had negotiated with South Africa in 2007. The changes primarily aim at strengthening the political dimension of the agreement.

2.3.5.2. Aid effectiveness and donor coordination

To move towards programming of joint implementation, six donor sector working groups have so far been set up in the areas of employment, HIV/AIDS, education, governance, regional cooperation plus science and technology. Following an initial phase of information sharing, joint policy dialogue has started, leading to a more harmonised approach.

2.3.5.3. Working towards the MDGs

South Africa already met some of the MDG targets, such as those on water and sanitation. For the others still to be achieved, the country is well on track to reach them by 2015. The biggest challenges, however, remain the increasing income disparity, insufficient economic growth, now aggravated by recession, and the inability to create enough jobs. Furthermore, achieving MDGs 4, 5 and 6 (reducing infant mortality, improving maternal health and combating HIV/AIDS), is proving difficult in the face of the AIDS pandemic. To address these challenges, South Africa is revising its poverty reduction strategy to focus more on creating economic opportunities and improving education.

2.3.5.4. Regional cooperation and integration

South Africa is a key player in Africa and within the Southern African Development Community (SADC). With 75% of the total GNP of SADC, it clearly represents the economic hub of the region. South Africa is committed to creating a SADC common market by 2012, and to achieving other regional priorities such as trade promotion, improved education, regional energy pools, common approaches to HIV/AIDS as well as security and peacekeeping. The country is also one of the driving forces behind the efforts to strengthen the African Union and its structures as well as the new partnership for Africa's development (NEPAD).

The EC contributed €37.9 million to different regional cooperation programmes in 2008 addressing:

- Social cohesion and regional political and economic integration
- Peacekeeping and mediation
- Common strategies in confronting HIV/AIDS
- Promotion of scientific research, development and regional cooperation
- Support to the water sector
- Economic integration support.

2.3.5.5. Implementation

Sectoral budget support and sectoral policy support programmes accounted for more than 90% of the programmes approved in 2008. In total, commitments worth €145 million were made. Four major new programmes were approved that complement the two priority areas for cooperation with South Africa: employment creation and capacity-development for service delivery.

The first programme focuses on employment creation through a sector policy budget support operation of €100 million. Governance is the object of two operations for a total amount of €40 million, providing support to the South African legislatures (central and provincial parliaments) as well as civil society through the Department of Justice. A special facility of €5 million was

established to develop and strengthen EU-South African relations beyond traditional trade exchanges and development cooperation. Moreover, the EC supported 17 projects in the field of water and sanitation, health and population, education and training as well as urban development.

Support for the education and training sub-sector was provided through six projects worth €47.8 million to improve teaching and learning facilities, to promote economic and social development and to address HIV/AIDS in higher education institutions. The improvement of teaching and learning facilities in the three poorest provinces (Limpopo, KwaZulu-Natal and Eastern Cape) through the schools' infrastructure support programme will benefit up to 6 000 children who will get access to additional classrooms and sanitation facilities. The innovative aspect of the programme is the provision of nutrition centres at schools included in the primary school nutrition programme. In all, 12 500 children will benefit from these facilities.

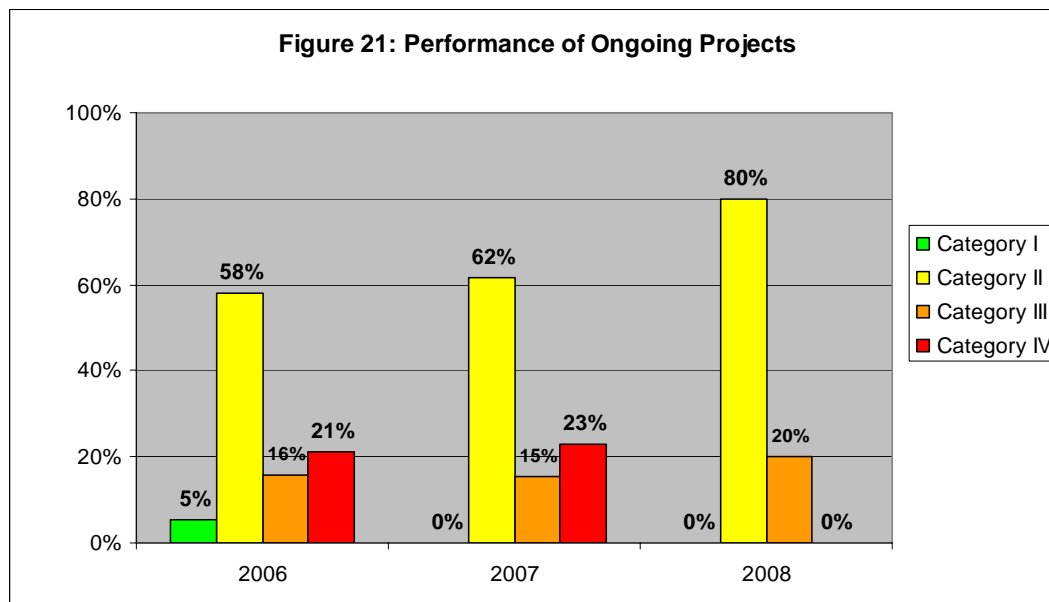
2.3.5.6. Monitoring

The figures in this section come from the Results Oriented Monitoring System which evaluates the impact of development projects. The methodology is described in a comprehensive way in Chapter 4.

During the 2008 monitoring mission to South Africa, 10 projects with ongoing activities were monitored, representing a total budget of €131.8 million, of which €126.1 million were financed from the South Africa budget line and €5.7 million from thematic budget lines. One project of €1.2 million was monitored *ex post*.

Projects with ongoing activities achieved good performance results as to design, effectiveness, impact prospects and potential sustainability. The poor scores for efficiency are the biggest concern. Half the projects visited showed no significant improvement in this performance criterion in recent years. Results of the *ex post* monitored project indicated a slight decline on design and impact in comparison to 2007, when the same project was monitored while its activities were still ongoing.

The following graph provides an overview of the performance of projects with ongoing activities over the last three years. They are classified in four categories: I for projects with very good performance, II for projects with good performance, III for projects performing with problems, and IV for projects with major difficulties. The graph shows a positive trend with more projects in category II and fewer in categories III and IV in 2008.



2.3.5.7. Results

The roll-out of the first and second phases of the government's water and sanitation programme benefited from EC support of €35 million for the period 2001-2006. The third water programme, to which the EC provides an additional allocation of €107 million for a three-year period until 2010, now includes the concept of water for growth and development. In the last year alone, more than 1.6 million people got access to water and 380 000 households received access to basic sanitation.

In the field of governance there are 12 programmes with a total EC commitment of €108.7 million. The Cape Town-based *Legislatures Support Programme* created unprecedented momentum by facilitating initiatives and proposals within legislatures. State-of-the-art video conferencing facilities, interlinking national and provincial legislatures, are in use today and make a solid contribution to the efficiency and transparency of policy-making. The system will continue to assist law-making, policy development and oversight as well as increase public participation.

2.3.5.8. Prospects

In the development of new programmes, the principles of innovation, added value and capacity development remain crucial. The new governance and health sector programmes now foresee a stronger role for civil society both as beneficiaries and implementation partners. The reduced number of programmes and alignment with the policy priorities of the government improved the overall efficiency of development cooperation with South Africa. So did the enhanced coordination with other European donors and development partners as well as

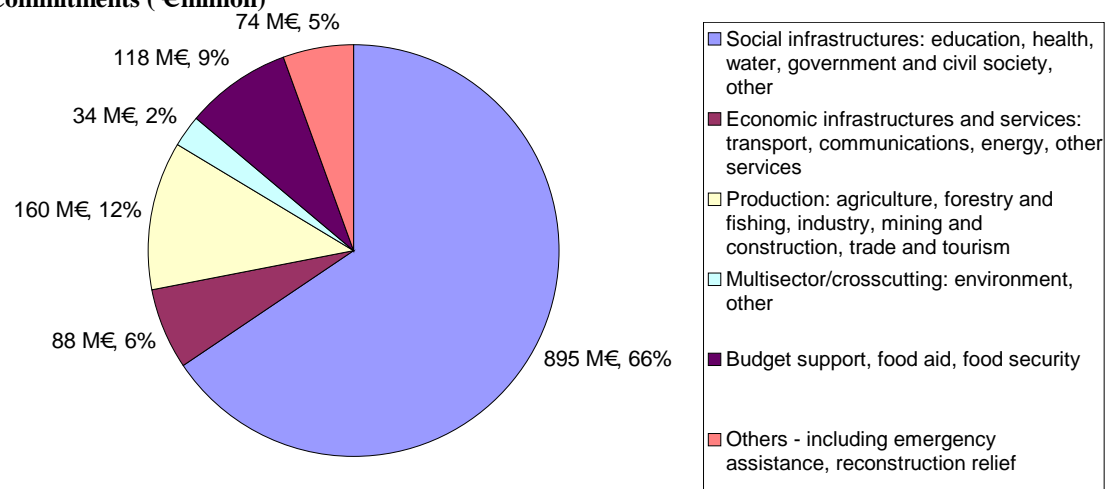
the alignment with local processes and procedures, in line with the principles of aid effectiveness.

2.3.5.9. Success stories

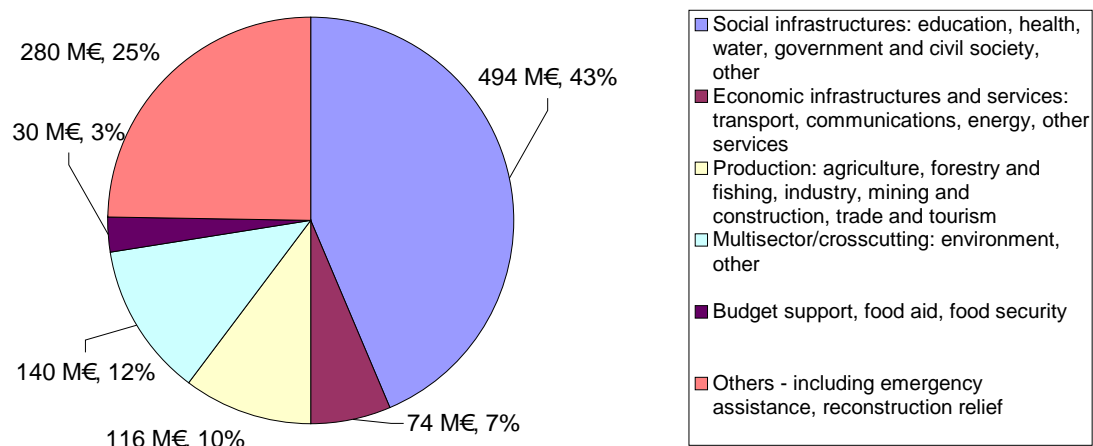
The expanded programme of partnerships for health and HIV/AIDS services provides much-needed support to the healthcare system. It is considerably improving access and affordability of primary health services for the poorest communities based on a system of home-based care. Without this support at community level, care would simply not be available or would create another burden for the already overstretched clinic services. Instead, with the help of EC funding, 758 non-profit service provider organisations were contracted in 2008 to provide primary health care services. A total of 10 700 care workers, mainly from disadvantaged backgrounds, have been appointed. Almost 500 000 patients were taken care of. The quality of service is considered very high and is well regarded by health professionals and care recipients alike.

Figure 22 DCI Geographic - Breakdown by sector of external aid financed on the General Commission Budget managed by EuropeAid in 2008

Commitments (€million)



Payments (€million)



Bilateral and Multilateral ODA (EuropeAid only).

Figure 23 DCI Geographic - External aid financed on the General Commission Budget managed by EuropeAid.

€ million	2007	2008
Commitments	1 362	1 371
Payments	1 279	1 137

Bilateral and Multilateral flows (EuropeAid only).

Figure 24 DCI - General and sector budget support per country

Commitments 2008 (€ million)

Country	GBS / SBS	Sector	Description	Total
Honduras	GBS	General budget support	Budget support to the poverty reduction strategy	60.5
Laos	GBS	General budget support	Second general budget support to Laos PDR	13
Vietnam	GBS	General budget support	Poverty reduction support credit 7-9	44
Bolivia	SBS	Water supply and sanitation	Sectoral support to the river basins national plan	19
Ecuador	SBS	Education	Support to the ten-year education plan 2006-2015	12
Ecuador	SBS	Industry	Support programme for a sustainable and equitable economic system	20
India	SBS	Education	Sector policy support programme phase II for Sarva Shiksha Abhiyan (SSA)	70
Kyrgyzstan	SBS	Other social infrastructure and services	Sector policy support programme - social protection and PFM	9
Paraguay	SBS	Education	Education sector policy support programme in Paraguay	54
South Africa	SBS	Government and civil society	Access to justice and promotion of constitutional rights	25
South Africa	SBS	Government and civil society	Legislative sector policy support programme	15
South Africa	SBS	Other social infrastructure and services	Employment creation, sector policy support to the economic cluster programme of action	100

GBS : General Budget Support

SBS : Sector Budget Support

2.3.6. *Accompanying measures for Sugar Protocol countries*

The EU reformed its sugar regime in 2006, leading to a reduction of the EU sugar price. Recognising the significant adjustment needs in ACP Sugar Protocol countries, the Commission took action to accompany the ACP sugar producers to adapt to the new market conditions via increased development assistance. The special assistance is provided through the so-called *accompanying measures for Sugar Protocol countries affected by the reform of the EU sugar regime*. These measures cover the period 2006-2013 and seek to support the adaptation process of 18 ACP Sugar Protocol countries. The legal basis for this specific support was adopted in 2006, with significant funding envisaged during the 2007-2013

financing period (€1.24 billion, of which €670 million for 2007-2010). This budget is distributed among the beneficiary countries according to their needs, depending on the impact of the reform and the importance of the sugar sector in their economies. For the period 2007-2010, the Commission allocated on an indicative basis⁸¹ 49%, 42% and 9% of the budget to the concerned Caribbean, African and Pacific countries, respectively.

EC assistance is country-specific, based on national adaptation strategies. It aims to strengthen the competitiveness of the sugar sector, where this is a sustainable option, to support the development of alternative economic activities, and/or to mitigate broader impacts, in particular social and environmental. The EC assistance strategy adopted in 2006 was complemented by multi-annual indicative programmes for 2007-2010 and annual action plans in conformity with the requirements of the Development Cooperation Instrument.

In 2008, the implementation of the 2006 and 2007 financing agreements proceeded, while new financing decisions for the 2008 budget were adopted for all countries. Average commitment levels for 2006 and 2007 were satisfactory (64%), although processes were considerably slower in countries where project support was the chosen method of disbursement. Three countries where commitment levels had not reached 30% by 31 August 2008, will receive 30% less of their indicative 2009 and 2010 allocations⁸². These funds are to be distributed among beneficiary countries, which met the required commitment level, in relation to their indicative allocations. The progress in implementing the strategies will be assessed as part of the mid-term review to start in 2009. With regard to the social, economic and environmental impacts, it is too early to assess the progress.

The conclusion of Economic Partnership Agreements (EPAs) implies a significant change in the EU-ACP trade regime for sugar. While upholding the commitment to duty-free and quota-free access for Least Developed Country (LDC) sugar from 1 October 2009 under the *Everything But Arms* Initiative, the EC provides similar access to ACP sugar under EPAs from 1 October 2009, subject to a specific safeguard clause for non-LDCs. For 2008-2009, zero-duty tariff quotas, additional to those of the Sugar Protocol and the *Everything But Arms* Initiative, have been granted to the countries having initialled an EPA as follows: Caribbean 60 000 tonnes, Pacific 30 000 tonnes, eastern and southern Africa 75 000 tonnes, East African Community 15 000 tonnes and the Southern African Development Community 50 000 tonnes. A minimum price obligation for importers will be maintained until 2012. To take account of this new trade regime between the EU and the ACP, the EU took the necessary measures in 2007 to denounce the Sugar Protocol (in conformity with its Article 10), so that it terminates on 30 September 2009.

⁸¹ Commission Decision C(2008) 4284 (amending C(2007) 1688).

⁸² In accordance with Commission Decision C(2007) 1688.

The EU raw sugar reference price was cut by 5% in 2006-2007 and 2007-2008. As from 1 October 2008, the price cut was 14.3%. Reference prices of raw sugar were set at 496.8 €/t (2006-2007 & 2007-2008); 448.8 €/t in 2008-2009; and 335.2 €/t as from 2009-2010. The impact of the EU price reductions on ACP economies, at this stage, has also to be seen in the context of the appreciation of the exchange rate of the euro against the dollar.

2.3.7. *Investing in people*

The European Commission has supported social sectors (health, education, employment, social protection) through various measures. Most assistance is deployed through bilateral country programmes, where the preferred means is sector support funded mainly through sectoral or general budget support (see geographic sections). In addition to this bilateral cooperation, the Commission has committed and implemented thematic programmes that are complementary to its action at the country level as highlighted below.

Health

Three of the eight MDGs are health-related (child mortality, maternal mortality, and reversing HIV/AIDS and other poverty-related diseases). The health care systems of low-income countries make an important contribution to their progress towards these MDGs. Beyond the bilateral cooperation, health is the object of worldwide support actions that are frequently implemented in cooperation with UN agencies, particularly the WHO, and with major international partnerships (as in the case of vaccinations). In 2008, the Commission committed €76.4 million to health under this programme, of which €50 million went to the Global Fund on HIV/Aids, Malaria and Tuberculosis. A key problem of these disease-specific funding mechanisms has already been addressed, namely that their effectiveness depends on functioning health-care systems. The Global Fund has opened the possibility for a broader strengthening of health systems, going beyond the narrow scope of the three focal poverty diseases. However, a severe shortage of health workers in many low-income countries has severely constrained the provision of health care – despite the availability of effective and affordable treatments for many diseases. An EU programme for action on this matter was adopted in 2007, and a specific support programme has been developed in collaboration with the WHO and the Global Health Workforce Alliance.

Improving young people's sexual and reproductive health (SRHP)

Tajikistan has a very young population: 70% are under 30 years of age. Young people are particularly at risk from sexually transmitted infections given their lack of knowledge about contraception and the difficulties they face when looking for information and help services and clinics.

By 2009, this project has improved the sexual and reproductive health of 350 000 young people aged 10 to 24, through:

- better access to health services and information;
- better education of young people in the area of sexual and reproductive health;
- the updating of social and environmental policy, incorporating support for sexual and reproductive health.

Eight quality clinics designed for young people have been set up and 30 signpost services for guidance, assistance and availability for young people have been created. Clinical staff as well as assistance and guidance staff have been trained in sexual and reproductive health.

Education

Complementary to the EC's bilateral cooperation to help achieve the MDGs for primary education and gender equality are contributions to key global initiatives in education through the *Investing in People* programme. In 2008, this had three components: €4.6 million for the *Education For All Fast Track Initiative (FTI) Catalytic Fund*; €1 million for the FTI Secretariat; and €4 million for the *Education in Emergencies and Post-Crisis Transition Programme* through UNICEF.

The FTI is a global partnership of developing countries, donors and NGOs, which encourages the development of sound education sector strategic plans and the mobilisation of financial and other resources to support their implementation. There are two multi-donor trust funds, the Education Programme Development Fund and the Catalytic Fund. The EC continued its support for the Catalytic Fund, which in 2008 disbursed over \$142 million to 13 countries on four continents, where the education sector plans had been endorsed and the remaining financing gaps identified by the government and donors in-country.

The Commission also joined efforts to extend the benefits of the FTI partnership to countries in the most difficult circumstances, where there remain many millions of children out of school, but where the government is not yet able to produce plans and strategies ready for full FTI endorsement. The 2008 contribution to the Education in Emergencies and Post-Crisis Transition Programme is reaching children in post-conflict and 'fragile' states and helping to develop and implement basic education plans in several countries not yet eligible for the FTI Catalytic Fund.

Labour market, social protection and culture

A proportion of activities in 2008 focused on support to capacity-building and functioning of labour market and vocational training systems (TVET), as basic

tools for promoting decent work. Two calls for proposals were prepared for launch in early 2009. The first one (€6.7 million) aims at supporting relevant stakeholders (government agencies, public and private bodies, statistical offices, social partners) to improve the collection, production and analysis of quantitative and qualitative labour market information, in order to generate more reliable, timely and comparable labour market data for the design and implementation of targeted policies and services. The other call concerning demand-driven TVET (€5.8 million) seeks to support the creation of a structured and flexible methodology/dialogue to involve the demand side of the labour market (enterprises) in planning and implementing TVET activities on the basis of the market's skill needs, so as to enhance the employability potential of vocational training systems. The selected areas of intervention are West Africa, the south ENP (Maghreb) region and Latin America.

An EC contribution agreement (€4 million) is trying to develop and spread an integrated social approach combining social protection and employment in development cooperation, as a strategic pattern in poverty reduction and decent work policies.

Other than these activities, the EC finalised two contribution agreements in 2008 with the ILO (for €4 million and €3.3 million), for innovative actions for decent work. The first seeks to provide governments and social partners in low-income and middle-income countries with the tools and the capacity to monitor trends and measure progress on decent work results over time and to apply high-quality policy analysis. The second aims to manage labour market adjustment to maximise the benefits of trade in developing countries, specifically to improve knowledge of the effects of trade policies on employment.

Long recognising the importance of cultural cooperation to achieve sustainable development and eradicate poverty, the Commission took further steps in 2008. Under the thematic programme, the focus has been on access to local culture and the protection and promotion of cultural diversity. The programme promotes inter-cultural dialogue, cultural diversity and respect for the equal dignity of all cultures. This includes respect for the social, cultural and spiritual values of indigenous peoples and minorities to enhance equality and justice in multi-ethnic societies. The programme also addresses culture as a promising economic sector for development and growth. Its major objectives are to improve the access of local populations to culture, in particular through the strengthening of local capacities, intercultural dialogue, the setting up of platforms and networks to exchange expertise and good practices and through the promotion of public-private partnership.

A first call for proposals (€4.3 million) was launched in December 2007 and generated a large response from civil society organisations and other relevant actors. Throughout 2008, these proposals were evaluated and contracted. The

call for proposals under the 2008 budget (€7.3 million) was due for launch at the beginning of 2009.

2.3.8. *Non-state actors and local authorities in development*

At the core of EU development policy are the principles of ownership and participation. The Commission, through its thematic programme *Non-State Actors and Local Authorities in Development*, facilitates and promotes dialogue between state and non-state actors on development priorities and strategies in partner countries. The programme's overarching objective is poverty reduction, including working towards the MDGs and other internationally agreed targets. It is an 'actor-oriented' programme aimed at capacity-building through support for initiatives by non-state actors and local authorities in both the EU and partner countries.

As part of the multi-annual strategy (2007-2010) of the programme, the annual action programmes for 2007 and 2008 were adopted. These were prepared with the involvement of the key stakeholders in the Palermo process, the Member States representatives, Members of the European Parliament, and representatives of civil society.

This structured 'quadrilogue' with the Commission services enables all parties to create the conditions for more efficient aid delivery, and improves the policy formation process. Concrete results were achieved in simplifying certain administrative procedures for the award of projects, taking on board suggestions made by development NGOs with regard to financial rules and procedures. On-line registration of potential applicants into a new data base, PADOR, has become compulsory for all calls for proposals covered by the 2008 annual action programme. It decreases the administrative burden for applicants and provides the Commission with a tool to improve knowledge and understanding of the needs of its implementation partners.

The award of projects selected under the calls for proposals from the 2007 annual action programme was completed at the end of 2008. The Commission selected 385 projects proposed by non-state actors from the EU and partner countries and 32 projects proposed by local authorities from the EU and partner countries, reflecting the solidarity of the European taxpayer with the most vulnerable populations in the world. The total value of the projects was €171.7 million, of which €106.8 million went to projects selected under local calls for proposals managed by Commission Delegations in partner countries and €64.9 million for projects selected under centralised calls for proposals managed by EuropeAid.

2.3.9. *Migration and asylum*

In 2008, the Commission continued to expand its actions in the area of migration and asylum, within the context of the global approach to migration both under

geographic instruments and the thematic programme. The global approach covers all aspects of migration, such as the links between migration and development, legal migration management, and the fight against illegal migration, including re-admission. It also deals with more horizontal issues, such as protection of migrants and promoting asylum and refugee protection.

Under the thematic programme for migration and asylum a call for proposals for a total amount of €62 million, was launched in December 2007, with an emphasis on specific migratory routes: south (sub-Saharan Africa and southern Mediterranean) €27 million; east (eastern Europe, south Caucasus and Central Asia) €21 million; Middle East and Gulf countries €1.96 million; Asia €6 million; Latin America and the Caribbean €6 million. The evaluation of the proposals resulted in 54 projects being approved for funding. In addition, six global or multi-regional initiatives and two 'special measures' projects have also been funded.

Under an EC-UNDP joint initiative, with funding of €15 million, a call for proposals addressed to local governments and civil society groups in 16 target countries was launched in December 2008. The aim is to create positive linkages between the phenomenon of migration and development in countries of migration origin, destination or transit.

Several important and innovative initiatives were taken. The Commission joined forces with a number of Member States and established the first-ever pilot mobility partnerships with Moldova and Cap Verde in June 2008. Another important event was the opening of the Migration Management and Information Centre in Mali, in October 2008. The Commission also co-organised a workshop on circular migration in Mauritius in September.

In June, the Commission adopted its policy plan on asylum, highlighting the importance of solidarity with third countries affected by refugee flows, and proposed an increase in resettlement and the improvement and expansion of existing regional protection programmes. Resettlement can alleviate the burden on third countries of hosting large refugee populations by allowing the establishment of some of those refugees in the EU.

Following the Commission's Communication of June 2008 "A Common Immigration Policy for Europe: Principles, actions and tools"⁸³, the European Pact on Immigration and Asylum was adopted by the European Council of 15-16 October 2008. The Pact reaffirmed the place of migration in the external relations of the European Union as well as the importance of the balance between the external and internal aspects of migration policy.

⁸³

COM(2008)359 of 17.06.2008

The Council Conclusions adopted in December reaffirmed the global approach to migration as the policy framework for EU relations with third countries in the area of migration and asylum whilst underlining the importance of coordinated implementation of the tools contained in the global approach, ensuring the promotion of synergies.

The Commission also played an active role in the policy dialogue on migration and asylum issues in various international and regional fora and events such as the Global Forum on International Migration and Development, which took place in Manila in October 2008. In November 2008, the second Ministerial Conference on Migration and Development, in Paris, focused on cooperation along the western migratory route. Concrete work has also started on the partnership on migration, mobility and employment of the Lisbon Action Plan adopted in December 2007. The Africa-EU informal joint expert group met for the first time in December 2008. The dialogue on migration issues also continued with other regions of the world, including Latin America and the Caribbean, Asia (in the context of ASEM), as well as bilaterally with Russia, India, Ukraine, and other countries in the western Balkans and in the Mediterranean region.

2.3.10. Environment and sustainable management of natural resources including energy

Support for the environment and the sustainable management of natural resources is one of the main priorities of EC development cooperation.

The Development Cooperation Instrument makes provision for a thematic programme for the environment and the sustainable management of natural resources including energy (ENRTP). A total budget of €889.5 million has been foreseen to support this thematic programme from 2007 to 2013.

In the first programming period 2007-2010, the corresponding thematic strategy paper has five priorities constituting the core of the programme with a budget of €469.7 million:

- (a) to work upstream in assisting developing countries to achieve MDG 7 on environmental sustainability;
- (b) to promote the implementation of EU initiatives and help developing countries to meet internationally-agreed environmental commitments;
- (c) to promote coherence between environmental and other policies and enhance environmental expertise;
- (d) to strengthen international environmental governance and policy development;
- (e) to support sustainable energy options in partner countries.

Based on this strategy paper, the 2008 annual action programme was adopted by the Commission in August 2008 with a budget of €101 million. It focuses on major environmental issues, such as climate change, desertification, biodiversity, and forest preservation (including FLEGT, the EU Forest Law Enforcement,

Governance and Trade initiative). Support for the developing countries' capacity to implement multilateral environmental agreements also continued.

The GCCA (Global Climate Change Alliance) received an allocation of €15.5 million, to support poor developing countries most vulnerable to climate change, in particular the least developed countries and small island developing states, in their efforts to adapt to the effects of climate change. Four countries will benefit from the 2008 GCCA initiative: Vanuatu, Tanzania, Maldives and Cambodia. Furthermore, a facility is under preparation to provide support, hold events and conduct analyses and studies.

In the context of the EU's overall energy policy objectives, support to the Global Energy Efficiency and Renewable Energy Fund (GEEREF) was continued, with an allocation of €20 million in 2008. The objective of GEEREF is to pool public and private funds through an innovative public-private partnership in order to offer new risk sharing and co-funding options for various investors in the areas of energy efficiency and renewable energy. Follow-up activities in the context of the EU energy initiative were also financed.

ENRTP provided just under €7 million to support a number of activities to improve international environmental governance, particularly conventions that are directly relevant for developing countries. These included multilateral environmental agreements in the area of trade in protected species, biodiversity, climate change, chemicals and water. The ENRTP complements environmental activities planned and implemented under other programmes. In the area of sustainable production and consumption for instance, the SWITCH-Asia programme supports green growth and the development of environmental technology through an overall allocation of €100 million. Fifteen projects have been funded for a total budget of €23 million following a first call of proposals. The projects cover a wide range of issues such as greening production of local and export-oriented products, sustainable procurement, improved energy efficiency and energy savings. A network facility has also been established, which will ensure dissemination and replication of project results and lessons learned within the broader national and regional political context for sustainable consumption and production.

Sustainable production and consumption are also addressed under the European Neighbourhood Policy Instrument (€6.5 million for ENPI East), with a view to reducing the environmental and health hazards from inappropriate management of waste. Through improved waste governance, more sustainable production and consumption patterns at regional and national levels will be attained.

2.3.11. *Food security*

In line with the food security thematic programme strategy paper,⁸⁴ research and technology support played a dominant role in the 2008 annual action plan. €81.5 million was allocated for agricultural research for development projects, of which the largest share supported the Consultative Group on International Agricultural Research. An amount of €48.4 million was committed to support LRRD – linking relief, rehabilitation and development in the following countries: Chad, Sudan, Zimbabwe, Timor-Leste, North Korea, Burma/Myanmar and Afghanistan. This activity foresees the integration of refugees through improved access to food, as well as the intensification of agricultural activities and measures to protect livelihoods. Other areas funded by this thematic programme include food security information systems for strategy development (€11 million), support to the Comprehensive Africa Agricultural Development Programme (€5 million), to African regional farmers' organisations (€5 million), as well as advocacy and policy support (€7.3 million), mainly through civil society networking.

An amount of €50 million was reallocated within the 2008 food security budget to respond to rising food prices in 12 countries selected on the basis of urgent needs (Afghanistan, Democratic Republic of Congo, Eritrea, Guinea, Haiti, Honduras, Kyrgyzstan, Liberia, Nicaragua, occupied Palestinian territory, Sierra Leone, and Yemen). The objectives were twofold: reducing the negative effects of high food prices on the poorest consumers through cash transfers and ensuring a positive supply response from farmers thanks to market-based and production-support measures.

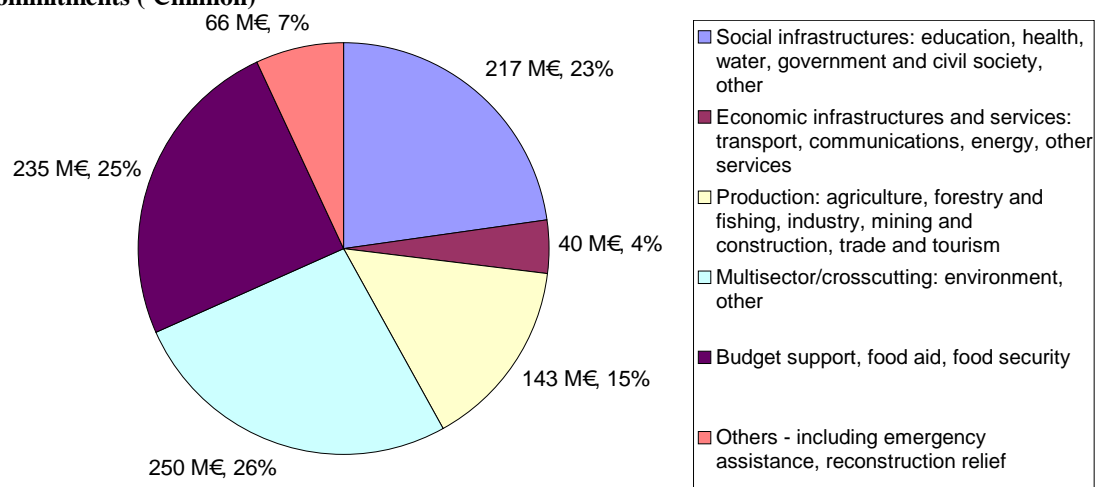
This initiative is complementary to the €1 billion food facility which was adopted on 16 December 2008 and for which actions were prepared for early adoption in 2009. A further €363 million was made available for humanitarian aid.

⁸⁴

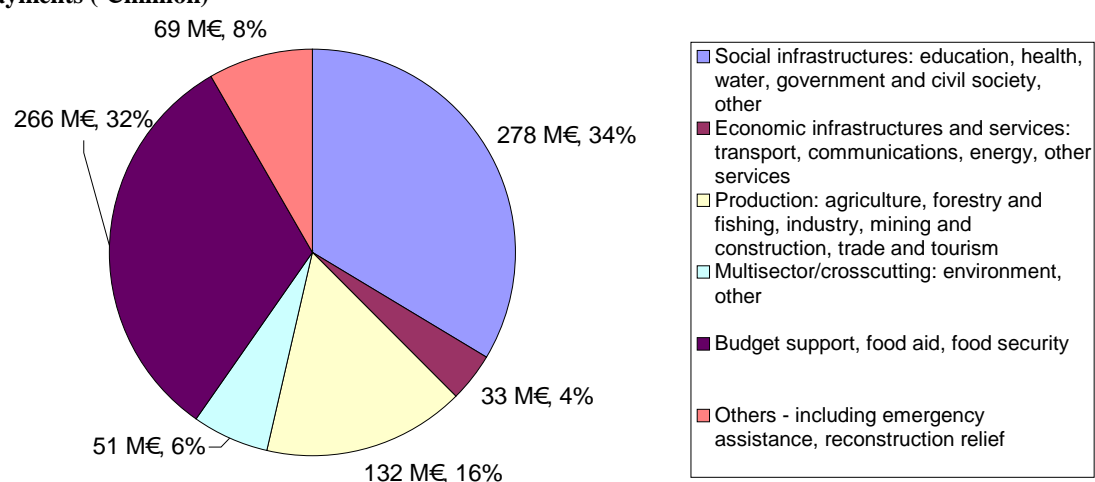
C/2007/1924 of 26.04.2007

Figure 25 DCI Thematic - Breakdown by sector of external aid financed on the General Commission Budget managed by EuropeAid in 2008

Commitments (€million)



Payments (€million)



Bilateral and Multilateral ODA (EuropeAid only).

Figure 26 DCI Thematic - External aid financed on the General Commission Budget managed by EuropeAid.

€ million	2007	2008
Commitments	834	956
Payments	745	838

Bilateral and Multilateral flows (EuropeAid only).

Figure 27 DCI Thematic - General and sector budget support per country

Commitments 2008 (€ million)

Country	GBS / SBS	Sector	Description	Total
Jamaica	GBS	General budget support	Debt reduction and growth enhancement programme (DRGEP)	9.00
St Kitts and Nevis	GBS	General budget support	Accompanying measures 2008 for sugar protocol countries for St.Kitts & Nevis	9.43
Mauritius	SBS	Agriculture	Improved competitiveness for equitable development II	32.32
Barbados	SBS	Banking and financial services	International business & financial services - sector budget support	10.13
Guyana	SBS	Agriculture	Guyana annual action programme 2008 on accompanying measures for sugar	24.37
Jamaica	SBS	Agriculture	Accompanying measures 2008 for sugar protocol countries Jamaica sector budget support component	9.00
Trinidad and Tobago	SBS	Agriculture	T&T annual action plan 2008 under AMSP	9.97

GBS : General Budget Support
SBS : Sector Budget Support

2.4. Democracy and human rights

The European Instrument for Democracy and Human Rights (EIDHR) contributes to the development of democracy, the rule of law, respect for human rights and fundamental freedoms.

The universality and indivisibility of human rights, the responsibility to defend them throughout the world, the promotion of pluralistic democracy, support for civil society and effective guarantee for the rule of law are essential principles for the European Union.

On December 10, 2008, on the occasion of the 60th anniversary of the Universal Declaration of Human Rights, the EU acknowledged the achievements to date while deploring the continuing violations of human rights in many parts of the world. The EU re-emphasised that the international community and all states have the legitimate and permanent responsibility to promote and safeguard

human rights throughout the world. The EU reiterated its full support for international human rights mechanisms at the global and regional level, reaffirming its commitment and determination to make the full attainment of all human rights a reality for all.

In promoting human rights and democracy worldwide, the EC is using a whole range of approaches, from political dialogue and diplomatic initiatives to specific instruments of financial and technical cooperation, such as the *Development Cooperation Instrument*, the *European Neighbourhood Partnership Instrument*, the *Instrument for pre-Accession*, the *European Development Fund* for the ACP countries, the *Instrument for Stability*, and the *European Instrument for Democracy and Human Rights*.

The EU therefore provides support to a wide variety of activities including legislative and administrative reforms, capacity and institution building for key human rights institutions and actors, training and education programmes, as well as awareness raising and networking activities. Attention was paid in 2008 to improving the design and the impact of EC-managed external assistance programmes by ensuring coherence and synergy between the geographic (ENPI, DCI and EDF) and thematic (EIDHR) instruments. Geographic instruments are mainly used for an approach focusing on institution-building and the support of domestic processes aiming at consolidating human rights and democratic governance through a multi-action approach.

The European Instrument for Democracy and Human Rights (EIDHR)

As the main thematic instrument, the EIDHR is the concrete expression of the importance the EU gives to this policy. One of its key assets is its autonomy, which enables it to grant aid even where there are no development cooperation links. Even more crucially, it can intervene without the agreement of the governments of third countries. Its main beneficiaries are groups and individuals who are struggling for democracy, human rights and fundamental freedoms within civil society.

In 2008, six global calls for proposals were launched with a total budget of €57.6 million:

- €20 million for projects aimed at enhancing respect for human rights and fundamental freedoms in countries and regions where they are most at risk;
- €24 million for transnational projects to strengthen the role of democratic reform in facilitating the peaceful conciliation of group interests and in consolidating political participation and representation;
- €13.6 million for projects aimed at supporting actions on human rights and democracy issues in areas covered by the EU guidelines: children and armed

conflict, the promotion and protection of the rights of the child, the death penalty, torture, human rights dialogues, and also human rights defenders.

- In 72 countries, Commission Delegations launched local call for proposals to be implemented from 2008 onwards, for an indicative amount of €46.2 million. Even though civil society is facing increasing difficulties to operate worldwide, an effort has been made to increase by 50% the number of countries covered by these local calls for proposals as compared to 2007, as well as the funding for locally-operated projects. The difficulties faced by civil society are not only linked to repressive environments but also to increasing legal obstacles.
- Strategic partnerships were aimed at supporting and strengthening the international and regional framework for the protection of human rights, justice, the rule of law and the promotion of democracy. €11.6 million were allocated for nine targeted actions with strategic partners including in particular an annual contribution to the operations of the Office of the UN High Commissioner for Human Rights.

Another 379 new projects were funded worldwide in 2008. Some are being carried out in countries and regions where human rights are most at risk. Others address the themes covered by EU guidelines on torture and on human rights defenders. They also provide support for the effective functioning of the International Criminal Court in its formative years and the regional Master's Degree Programmes in Human Rights. An evaluation of *EC support to Torture Rehabilitation Centres* was launched in 2007 and its results were made available during 2008. Two more evaluations carried out during 2008 were the *Evaluation of EIDHR Programme in Russia* (2008), covering 15 projects managed by the EC Delegation to Russia, and the evaluation of the *EIDHR support to the International Criminal Court*, whose results were to be available at the beginning of 2009⁸⁵.

A special effort was put into communication and visibility actions by the EIDHR to make EU support for democracy and human rights better known worldwide. This was done to mark the 60th anniversary of the Universal Declaration of Human Rights and involved an information and communication campaign on the actions funded by the EC in the fight against torture and other forms of ill-treatment. Other elements in the campaign were the inter-institutional conference with the European Parliament and the United Nations on *Sixty years of the Universal Declaration of Human Rights – the Defenders take the floor*, and funding for a film consisting of contributions from more than 20 well-known film-makers and artists, produced by the Office of the UN High Commissioner for Human Rights in partnership with ART for the World.

⁸⁵

All reports are published in the EuropeAid - EIDHR internet pages at: http://ec.europa.eu/europeaid/where/worldwide/eidhr/working-documents_en.htm

Fighting against impunity and preventing torture

In Argentina, Chile, Brazil and Uruguay, many individuals continue to experience serious psychological problems caused by violations of human rights. An ongoing project provides psychological and medical assistance to those suffering from psychological or physical scars resulting from human rights violations, and to facilitate their return to normal life. So far, 1 681 individuals have benefited from medical treatment and help towards rehabilitation. Thirty-two legislative acts were adopted in favour of human rights. In all, 150 initiatives were put in place to enhance the skills of the medical personnel in four torture prevention and rehabilitation centres.

Support for civil society, parliament, justice and rule of law

The Commission considers civil society as a major actor in the promotion and defence of democracy and human rights.

Civil society support is included in a number of EC geographic programmes as part of governance reform processes. This support covers advocacy, information and education on human rights and democracy issues. It is also aimed at building the capacity of civil society organisations. Support has gone to domestic observation of elections, voter and civic education campaigns (with a special focus on the participation of women, minorities or disadvantaged groups), as well as projects assisting civil society and media to monitor the activities of and interact with parliaments and public authorities. A special emphasis in 2008 was put on the link between support for civil society and justice and the rule of law. A 'Support for the rule of law' sector programme (€16 million) focusing on criminal justice was recently approved for Georgia, following extensive consultation with civil society, and will be implemented via budget support.

In South Africa, the justice sector programme is based on two pillars. Firstly, the institutional support for the Department of Justice and Constitutional Department (€20 million), implemented through budget support, will encourage partnerships with civil society on access to justice for vulnerable and marginalised groups. Secondly, a parallel series of activities (€4.5 million) will support the independent capacity of action of specialised civil society organisations in advocacy, lobbying, capacity-building and policy dialogue with government and institutions.

The essential role of democratically-elected citizen's representatives in strengthening both democratic legitimacy and the effectiveness of governance in their countries is clearly acknowledged by the Commission. Strengthening parliaments is seen as a means to improve the overall effectiveness and impact of development assistance, especially as EC assistance moves increasingly towards a sectoral approach and budgetary support.

EC support for parliaments can be at national level, with dedicated projects or consist of components of wider project/programmes at regional/continental/global levels. In 2008, new projects included strengthening the parliamentary system and networking with public authorities in Uzbekistan (€2 million), a legislative sector policy support programme for South Africa (€15 million), and ACP participation in Joint Parliamentary Assembly meetings (€10 million).

Activities targeting civil society and the media are also used to improve interaction with parliaments, political participation of women and minority groups as well as to raise awareness on the importance of parliaments as key democratic institutions.

Strengthening of the role of parliaments in areas like public accountability, financial transparency and ultimately democratic governance is an important aspect. Within the context of budget support, the diagnosis of the public finance management framework is conducted using a set of performance indicators covering the legislative scrutiny of the annual budget law and of external audit reports. In 2008 a contract was signed for a wide study to start in early 2009, to provide Commission staff with a stocktaking and analysis of the strategies, approaches, instruments, methods and interventions used to strengthen parliaments in the ACP countries.

Electoral support

Particularly important in the strategy to promote democracy is support for the electoral process. This is provided in two main ways. The first is *electoral assistance* with legal, technical and logistic support aimed at strengthening national capacities to conduct peaceful and well-organised elections in an open, competitive and transparent process. The second is *electoral observation* via the deployment of EU election observation missions, to enhance public confidence in the electoral process and deter fraud, strengthen respect for human rights, and contribute to the prevention and resolution of conflicts.

Electoral assistance

Effective electoral assistance supports electoral processes while integrating interventions into a wider context of democratic governance. This strategy adheres to the principles of the Paris Declaration on ownership, alignment, harmonisation, managing for results and mutual accountability. Based on the experience of joint training on effective electoral assistance, the Commission together with UNDP has created within the Joint Donors' Competence Development Network (Train4Dev), a *Global Training Platform on Effective Electoral Assistance*. The first meeting of interested organisations took place in Brussels in January 2008. A subgroup was established in March with the participation of the European Commission, UNDP, the International Institute for Democracy and Electoral Assistance (IDEA), the Canadian International

Development Agency (CIDA) and the International Organisation for Migration (IOM). The Organisation of American States (OAS) joined in September 2008.

The European Commission identified, formulated and started the implementation of 21 electoral assistance programmes/projects in the following countries in 2008: Maldives, Belarus, Benin, Ethiopia, Niger, Fiji, Georgia, Guinea-Bissau, Ivory Coast, Angola, Zimbabwe, Nicaragua, Uganda, Ukraine, Yemen, Zambia and Lebanon. The amount involved, more than €66 million, came from the following financial instruments: EDF, ENP, DCI, EIDHR and IfS. The development of methodological tools and the coordination and cooperation with the main actors in the field continues to be a priority. The Commission's *Methodological Guide on Electoral Assistance* has been further put into practice. A Study on the use of ICT in electoral processes has been launched. An updated version of the training manual for the Commission/UNDP CIDA, IOM OAS Joint Training on Effective Electoral Assistance⁸⁶ was produced. Two training seminars were held in 2008 in Maputo and Brussels. These seminars brought together more than 150 participants including European Commission and UNDP staff as well as representatives from electoral management bodies and government institutions, and staff from bilateral development agencies, international and regional organisations.

European Union Election Observation Missions (EU EOMs)

In 2008, European Union election observation missions were deployed to 10 countries. Legislative elections were observed in Pakistan, Bhutan, Nepal (Constituent Assembly), Cambodia, Angola, Rwanda, Guinea-Bissau, Ghana (including two rounds of presidential elections) and Bangladesh. In Ecuador, the constitutional referendum was also observed. By their very presence, the EU EOMs contributed to deterring fraud by reducing the possibility of intimidation and manipulation, as well as to improving public confidence in the electoral process, and facilitating acceptance of results.

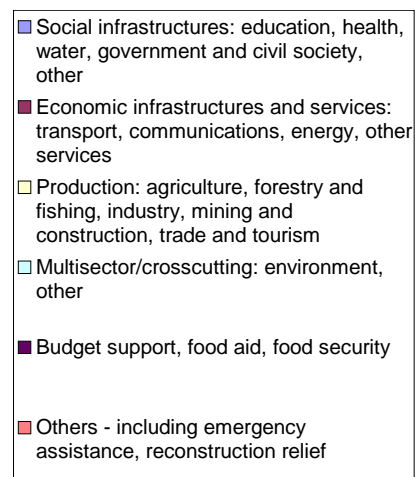
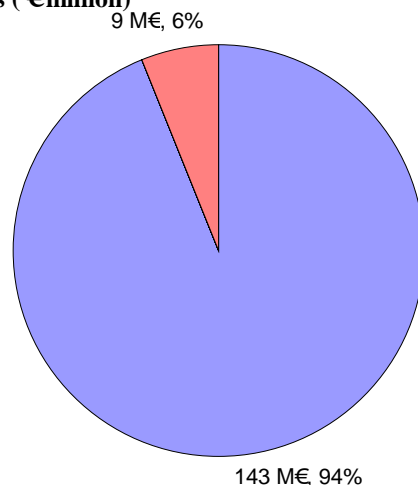
In addition, small-scale election expert missions were deployed to: Zambia (general elections); Maldives (presidential elections); Côte d'Ivoire (voter registration) and Nicaragua (local elections). See the Feature Article on EU Election Observation in Chapter 3 of this document for more details.

⁸⁶

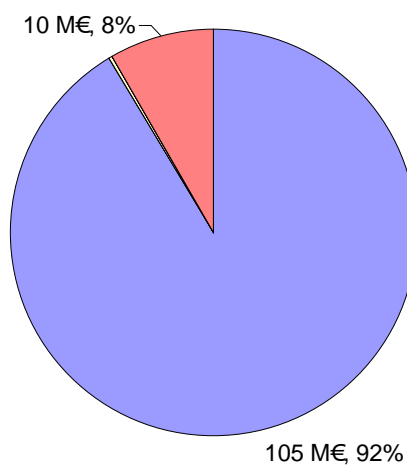
For further information: www.ec-undp-electoralassistance.org

Figure 28 EIDHR - Breakdown by sector of external aid financed on the General Commission Budget managed by EuropeAid in 2008

Commitments (€million)



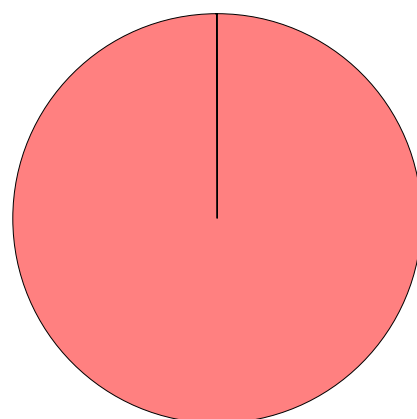
Payments (€million)



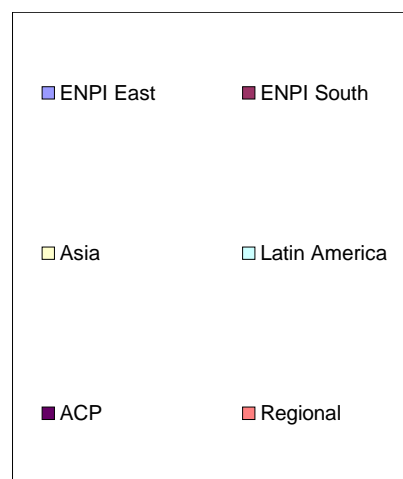
Mains sectors : Government and civil society, Administratives costs related to EIDHR
Bilateral and Multilateral ODA (EuropeAid only).

Figure 29 EIDHR - Breakdown by region of external aid financed on the General Commission Budget managed by EuropeAid in 2008

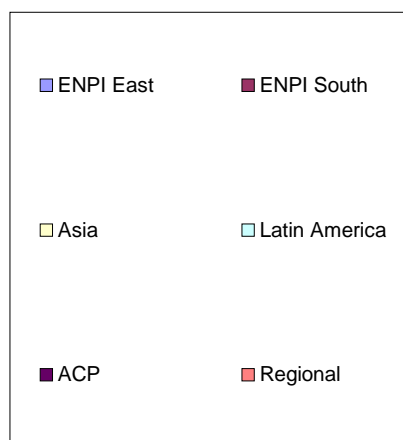
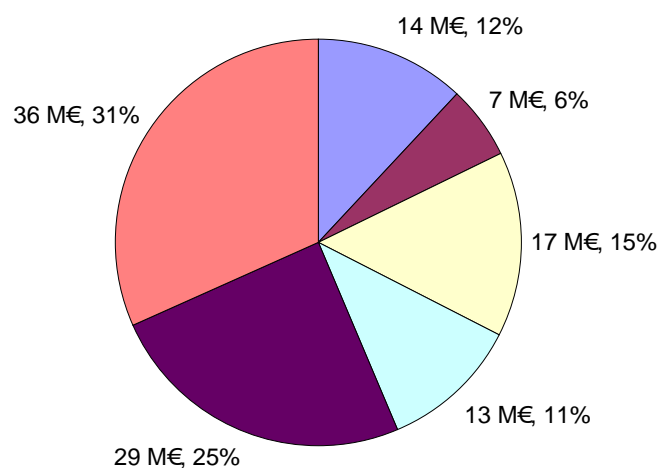
Commitments (€million)



152 M€, 100%



Payments (€million)



Beneficiary countries not identified at commitment stage (multi-regional call for proposal)
Bilateral and Multilateral ODA (EuropeAid only).

**Figure 30 EIDHR - External aid financed on the General Commission
Budget managed by EuropeAid**

€ million	2007	2008
Commitments	142	153
Payments	130	121

Bilateral and Multilateral flows (EuropeAid only).

2.5. Stability

The Instrument for Stability aims to contribute to stability in countries in crisis by providing an effective response to help preserve, establish or re-establish the conditions essential to the proper implementation of the EU's development and cooperation policies.

2.5.1. Crisis response and preparedness

EC external instruments have for a number of years been used by the Commission as part of the Union's overall crisis responses, in the case of both natural disasters and political crises in third countries. In the latter case, it often intervenes alongside EU joint actions under Common Foreign and Security Policy (CFSP)⁸⁷ or European Security and Defence Policy (ESDP). Between 2000 and 2006, this role was played by the EC Rapid Reaction Mechanism (RRM) as regards non-humanitarian crisis responses. Despite modest budgets (in the order of €30 million per year) and severely limited programme durations (maximum six months), RRM-funded projects have played a significant role in a number of EU crisis responses, in many cases kick-starting programmes under the EC geographic instruments or dovetailing with CFSP/ESDP. The RRM was used in Afghanistan, in response to the Asian tsunami, and in the Aceh Peace Process. The RRM also provided for the EU Border Assistance Mission to Moldova and Ukraine, and responded to a series of other crises in Africa, Latin America, the western Balkans and the Middle East.

The launch of the Instrument for Stability in 2007 considerably enhanced the Commission's crisis response capacity (in addition to introducing an allocation for crisis preparedness and creating the possibility to address trans-regional security threats over the longer term - see Section 2.5.2). Compared to the RRM, the crisis response component of the IfS represents a considerable increase in funding allocations (€93 million in 2007, and €128 million in 2008) and in the

⁸⁷

More information on CFSP http://ec.europa.eu/external_relations/cfsp/index_en.htm

duration of programmes (18 months, with the possibility of extension, or of follow-on interim response measures).

Crisis-response measures under the Instrument for Stability address a wide range of issues, including support for mediation, confidence-building, and interim administrations, strengthening the rule of law, transitional justice, as well as the disarmament, demobilisation and reintegration of combatants, equitable access to natural resources, disaster response and rehabilitation. Such activities are relevant in situations of crisis or emerging crisis, when assistance cannot be provided rapidly enough under other EC financial instruments. Typically, the IfS can be mobilised in case of a major political crisis or natural disaster, or when there is an urgent need to secure the conditions for the delivery of EC assistance, or alongside CFSP/ESDP actions. Approval procedures are designed to ensure the rapid adoption of programmes.

In its second year of operation, the Stability Instrument again financed a significant number of crisis response projects with a total budget of €128 million. These include:

- assistance to resolve the conflict in the Democratic Republic of Congo (€10 million);
- support for the fragile peace process and transition in Nepal (€5.95 million);
- post-conflict support for internally displaced people in Georgia (€15 million);
- continuing support for peace-building in Kosovo (€14.2 million) during the difficult transition following its declaration of independence and the launch of the EU's EULEX mission;
- a substantial recovery programme in Bangladesh following the devastating cyclone SIDR (€13 million);
- additional support to the fragile reconciliation process in Lebanon to help prepare the 2009 elections (€4 million).

In addition, two new facilities were adopted in support of smaller-scale and urgent actions for transitional justice and international tribunals (€12 million), and for mediation and reconciliation (€5.5 million). In all, 36 crisis response measures and two new facilities were adopted in 2008.

Two years after its start, the Stability Instrument crisis response component is now well established as a complementary EU crisis management tool. In terms of geographic distribution, €220 million were committed in total in 2007 and 2008 for 58 actions worldwide. The main share of support was provided in Africa (mainly Central African Republic, Chad, Democratic Republic of Congo, Somalia – 29%), followed by actions in Asia (mainly Aceh, Afghanistan, Nepal, Southern Thailand, Timor- Leste, Sri Lanka – 19%), the Middle East (Lebanon, occupied Palestinian territory, Iraqi Refugees in Syria – 12%). In addition, Kosovo received €24 million and Georgia €17 million.

Thematically, the adopted measures cover a broad range of issues, targeted on the specific needs of each conflict/post-conflict situation: short-term advice to develop and kick-start post-conflict security system reform (Central African Republic, Democratic Republic of Congo, Guinea-Bissau, Lebanon, occupied Palestinian territory, Timor-Leste), measures in areas where ESDP missions are deployed (Afghanistan, Chad, DRC, Georgia, Kosovo, occupied Palestinian territory), support to regional peace-building capacity (AU–AMISOM Somalia, AU-UN mediation in Darfur), rule of law and transitional justice (Afghanistan, Colombia, Haiti, Kyrgyzstan, Sierra Leone, Solomon Islands), support to interim administrations (ICO Kosovo, Somalia), conflict resolution and reconciliation (Burma/Myanmar, Colombia, Nepal, occupied Palestinian territory, Peru, Sri Lanka, Thailand, Uganda, Zimbabwe), post-disaster recovery programmes and needs assessments (Bangladesh, Lebanon, Nicaragua, Peru), support to displaced populations (Lebanon, Syria and Timor-Leste), conflict resources (dedicated facility), election preparation (Fiji) and labour-intensive infrastructure programmes to tackle high unemployment as a driver of fragility (Timor-Leste).

Regarding the Stability Instrument’s ‘crisis preparedness’ component, 2008 saw further progress in establishing the *peace-building partnership* to mobilise and consolidate civilian expertise for peace-building activities. It focuses on strengthening the up-stream capacity of relevant partners to rapidly respond to a crisis scenario, and addresses in particular civil society organisations and think-tanks, but also international and regional organisations and relevant agencies in EU Member States.

In 2008, the components and objectives identified in the peace-building partnership annual action programmes for 2007 and 2008 were implemented and total funding of €15 million was allocated as follows:

- Two calls for proposals were launched to build the capacity of non-state actors, active in the field of peace-building;
- Four direct grants were awarded in the context of cooperation with international organisations on early warning and early recovery: one to the African Union, and three to the UNDP on post-conflict and post-disaster needs assessment, and on natural resources and conflict, for a total amount of about €2.5 million.
- Three direct grants were also awarded in the framework of training for civilian stabilisation missions.

Moreover, the dialogue process with civil society organisations has been enhanced through a series of consultation meetings and the use of the peace-building partnership web-portal as a tool for advertising its activities and circulating relevant documents.

Work also continued in 2008 to further improve the Commission’s crisis-response capacities. The network of more than 130 Commission Delegations in third countries is being strengthened specifically as regards the coordination/

facilitation of crisis responses, with the objective of progressively building regional poles of multi-sector expertise for crisis response. Work is also continuing on further reinforcing emergency aid coordination between humanitarian responses, civil protection, and other crisis responses, at headquarters level and in the field. The civil protection mechanism deployable within and outside the EU through the mechanism's Monitoring and Information Centre was further reinforced during 2007, *inter alia* to allow the Commission to facilitate and in some cases co-finance (up to 50%) the transport of civil protection assistance to a disaster-affected country.

In addition, the Commission strengthened its cooperation with the UN and the World Bank in the field of responding to post-crisis situations and planning recovery by way of a joint declaration signed on 25 September. The purpose of the agreement is to harmonise and coordinate the collective assistance the institutions provide to countries.

A communication was adopted in March on reinforcing the Union's disaster response capacity⁸⁸. Its purpose is to enable the EU to respond, on its own territory or outside, to the growing number of natural disasters or man-made crises. In this context a study on international humanitarian logistics response capacities was launched and will be finalised in 2009.

2.5.2. *Global and regional trans-border challenges*

One of the components of the IfS aims at developing longer-term EC actions to counter global and trans-regional threats arising from organised crime, trafficking, proliferation of nuclear, biological and chemical agents, as well as threats to critical infrastructure and public health. It also supports building capacity within the EU and in the international community for effective crisis response, including via non-state actors (peace-building partnership).

Complementing actions supported through other EC instruments, including the EDF, projects to address illicit trafficking of drugs from Afghanistan, of radioactive and nuclear materials in the former Soviet Union and to strengthen export controls of dual-use goods have been implemented in line with the first indicative programme (2007-2008). A mechanism to mobilise EU expertise in the domains covered by the IfS (expert support facility) has been successfully developed and employed in the preparation of the second indicative programme (2009-2011). More than 50 EU experts visited over 20 potential partner countries for assessing the scope, needs and conditions for cooperation and assistance under the IfS.

The other components of the IfS address crisis response and preparedness (see Section 2.5.1).

⁸⁸

COM(2008) 130 final

Mine action

The Commission continued to support partner countries affected by anti-personnel landmines and other so-called explosive remnants of war, including cluster munitions, with the aim of alleviating the socio-economic impact of these weapons on countries and populations in the aftermath of conflict. By doing so, the Commission continued to play a considerable part in support of the implementation of the *Ottawa Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Anti-personnel Landmines and on their Destruction* (also known as the Mine Ban Treaty).

In 2008, mine action continued to be part of wider EC assistance and development programmes in third countries. Promoting and monitoring the integration of mine action into the European Community's external assistance programmes was further strengthened. To this end, a set of *Guidelines on European Community Mine Action 2008-2013* was endorsed in November 2008 to ensure a valid follow-up to the previous EC Mine Action Strategy 2005-2007 by steering EC Delegations in mine-affected countries towards effective mine action programming. In 2008, the Commission's contribution to mine action continued to follow the 2005-2007 strategy. Mine action policy was pursued through various instruments with total funding of over €27 million for action in nine countries: Albania, Angola, Bosnia & Herzegovina, Ethiopia, Georgia, Lebanon, Nepal, Sri Lanka and Thailand. Activities supported included mine clearance (including cluster bombs), mine risk education, the destruction of stockpiles of anti-personnel mines and assistance in the safe return resettlement and re-establishment of internally displaced persons and refugees. Regional evaluations to assess mine action supported by the European Commission from 2004 until 2007 were carried out in six regions: Africa, Asia-Pacific, Caucasus and Central Asia, Europe, Latin America, and the Middle East.

Small Arms and Light Weapons (SALW)

The Commission continued supporting the implementation of the *EU Small Arms and Light Weapons Strategy*. The Commission has been pursuing the integration of issues related to small arms into country and regional strategy papers. This offers partner countries the opportunity to give the appropriate political and funding priority to these issues in the context of EC external assistance programmes.

The main project addressed the illicit accumulation and trafficking of firearms in Africa. SALW-related projects both at regional and national level, were accompanied by seminars and initiatives aimed to increase the Commission's participation in policy debates, ensuring more coherence between CSFP and EC-funded initiatives and to strengthen cooperation with other non-EU partners.

Non-proliferation of weapons of mass destruction

Weapons of Mass Destruction (WMD) and missile proliferation constitute a major threat not only for the EU but also for international security. In responding to the risks related to WMD, the EU continued in 2008 to implement its WMD strategy through a number of EU joint actions. In this context, the Stability Instrument also provided political, financial and technical support to competent multilateral bodies as well as assistance to third countries on nuclear security, export control, bio-safety/bio-security, redirection of former weapons scientists and border monitoring in conformity with UN Security Council Resolution 1540. In addition to continuing efforts in the former Soviet Union, the Commission has started to develop its assistance in other regions like the Middle East and South-East Asia. Work has also been taken forward to include a non-proliferation clause as an essential element in agreements with third countries. Such a clause has been included in agreements between the EU and almost 100 countries worldwide.

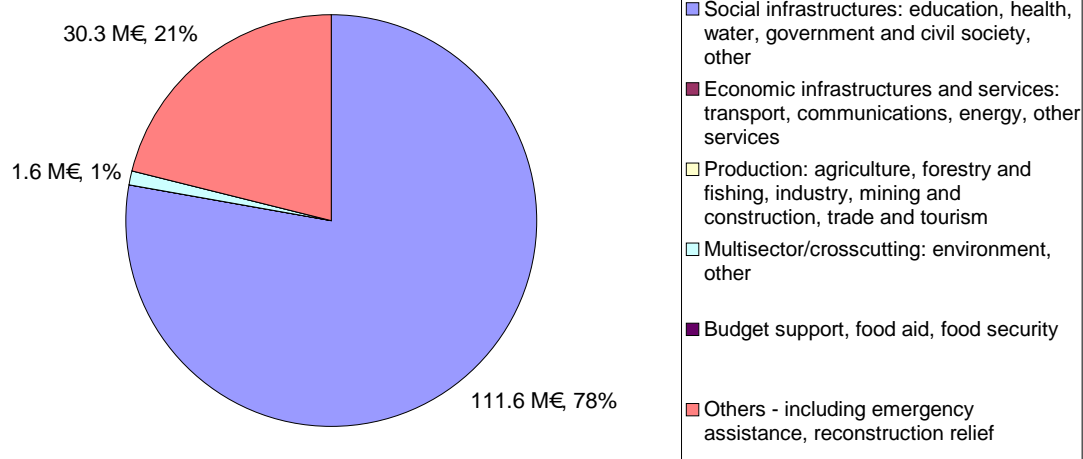
EuropeAid's nuclear safety unit is implementing the new Instrument for Stability priority 1 – non-proliferation of weapons of mass destruction [IfS 2007-2013]. In 2008, all the activities defined under annual action plan 2007 were contracted and those under the 2008 plan defined and decided. They focus on supporting research activities as alternative employment for former weapon scientists and engineers through support to ISTC/STCU (*International Science and Technology Centre in Moscow / Science and Technology Centre in Ukraine in Kiev*), on strengthening civilian capabilities and exchange of information to fight against illicit trafficking of chemical, biological, radiological and nuclear materials, on reinforcing export control of dual-use goods, and on improving capabilities against biological threats.

Fight against trafficking from and to Afghanistan

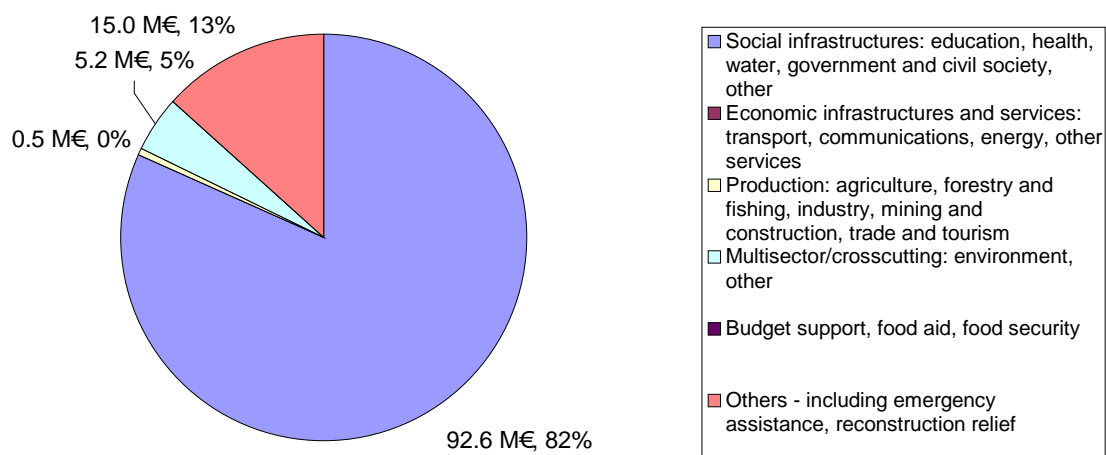
Trafficking of illegal drugs from Afghanistan is still growing despite the efforts deployed by the international community, and represents a risk for the stability of countries of origin, transit and destination along the 'heroin route'. The Commission has prepared a programme covering the 10 countries of the Economic Cooperation Organisation (ECO) under the leadership of Germany with the support of Italy, and with more limited contributions envisaged by Poland and Bulgaria. The UN Office on Drugs and Crime and Interpol will also be important partners of the programme. A memorandum of understanding was to be signed in February 2009 with ECO to support the implementation of the programme.

Figure 31 IFS - Breakdown by sector of external aid financed on the General Commission Budget managed by EuropeAid and Relex in 2008

Commitments (€million)



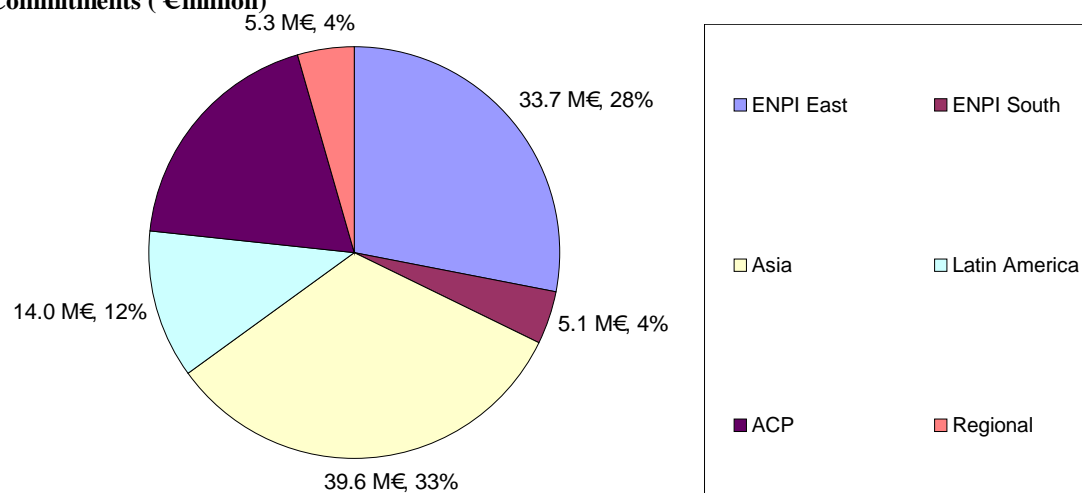
Payments (€million)



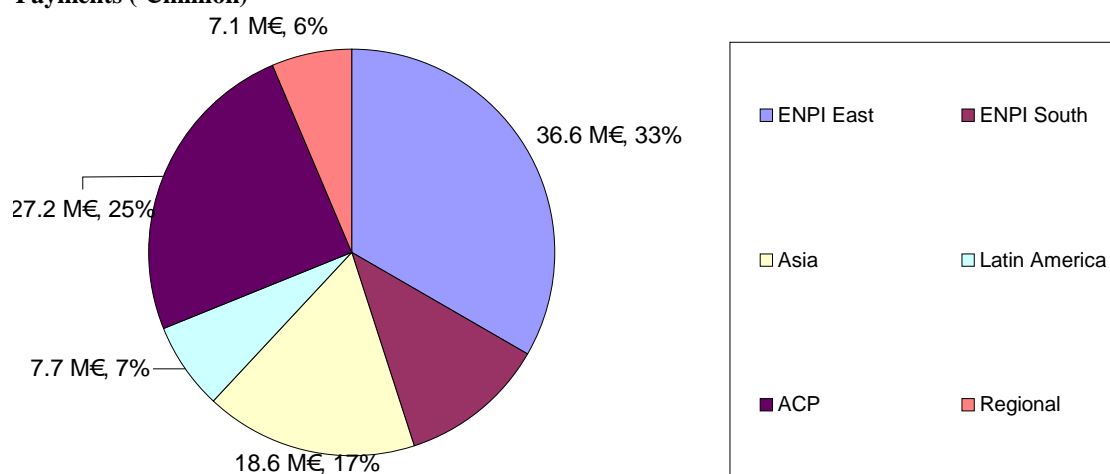
Bilateral and Multilateral ODA (EuropeAid + Relex)

Figure 32 IFS - Breakdown by region of external aid financed on the General Commission Budget managed by EuropeAid and Relex in 2008

Commitments (€million)



Payments (€million)



Bilateral and Multilateral ODA (EuropeAid + Relex)

Figure 33 IFS - External aid financed on the General Commission Budget managed by EuropeAid and Relex.

€ million	2007	2008
Commitments	137	181
Payments	49	129

Bilateral and Multilateral ODA (EuropeAid + Relex)

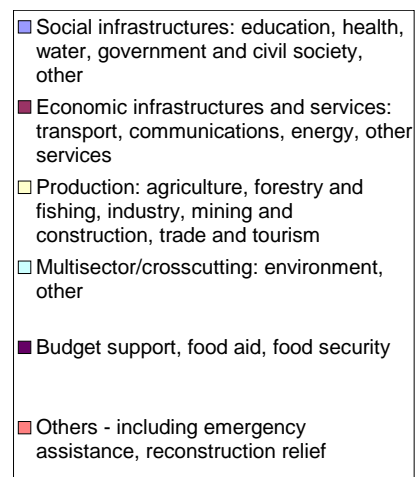
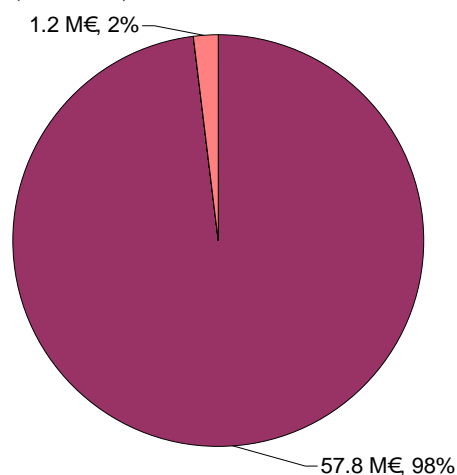
2.6. Nuclear safety

The EU continued its support for enhanced nuclear safety in Russia and Ukraine under the Tacis programme, the main challenges being to strengthen the regulatory authorities (Russia, Ukraine, Belarus and Georgia), to promote an effective nuclear safety culture at all levels, and to develop the management of spent fuel and radioactive waste. The Commission paid a €49.1 million contribution to the new safe confinement project in Chernobyl. In Armenia, the EU provided on-site assistance to the Medzamor power plant in the framework of an action driven by the International Atomic Energy Agency and to the Armenian regulatory authority.

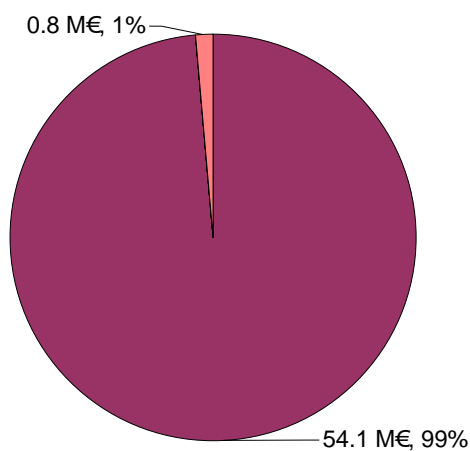
Since 1 January 2007, a new instrument – the *Instrument for Nuclear Safety Cooperation* (INSC 2007-2013) has been dealing with measures to support the promotion of high-level nuclear safety, radiation protection and the application of efficient and effective safeguards of nuclear material in non-EU countries. Exploratory missions have been conducted in Jordan and in Egypt to reinforce their regulatory authorities and projects have been decided.

Figure 34 NSI - Breakdown by sector of external aid financed on the General Commission Budget managed by EuropeAid in 2008

Commitments (€million)



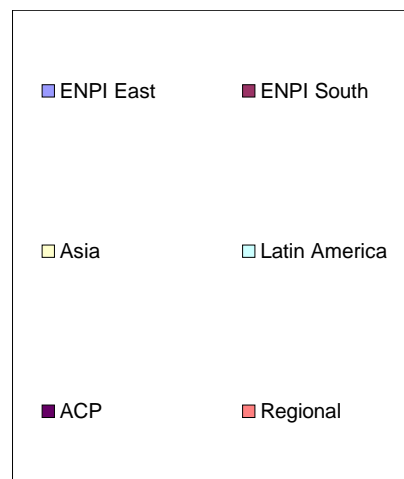
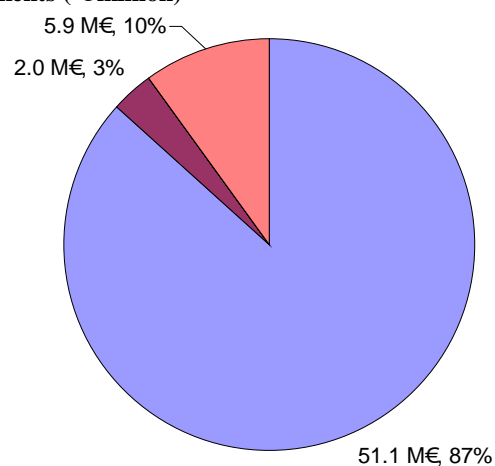
Payments (€million)



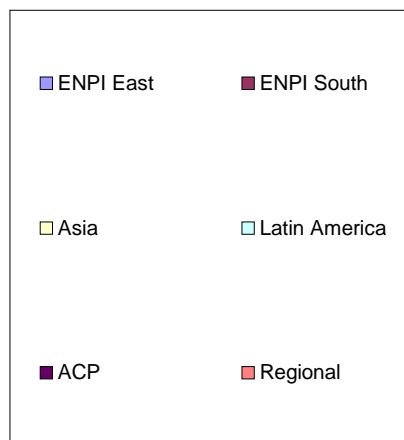
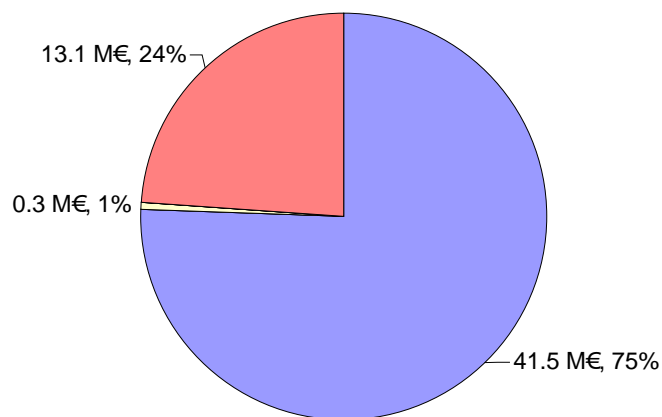
Main sector : Nuclear power plants
Bilateral and Multilateral ODA (EuropeAid only).

Figure 35 NSI - Breakdown by region of external aid financed on the General Commission Budget managed by EuropeAid in 2008

Commitments (€million)



Payments (€million)



Bilateral and Multilateral ODA (EuropeAid only).

Figure 36 NSI - External aid financed on the General Commission Budget managed by EuropeAid

€ millions	2007	2008
Commitments	78.01	72.49
Payments	56.27	76.33

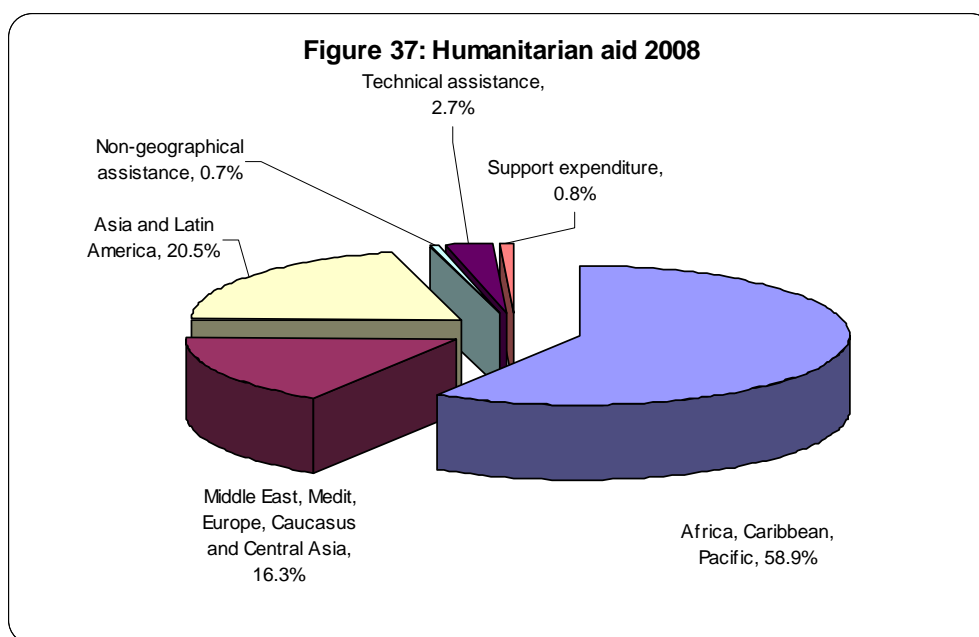
Bilateral and Multilateral flows (EuropeAid only).

2.7. Humanitarian assistance

2.7.1. Context

Through its Directorate-General for Humanitarian Aid (DG ECHO), the Commission provided needs-based humanitarian assistance to the victims of natural or man-made disasters in over 60 countries in 2008 worth a total of €937 million.

The initial budget was increased on several occasions in order to respond to new crises and natural disasters occurring during the year and also, most importantly, in order to react to soaring food prices.



In addition to the food crisis, natural disasters, accentuated by climate change, continued to increase both in frequency and severity. In conflict-related

humanitarian crises, the environment in which donors and humanitarian organisations operate is becoming increasingly complex, creating severe difficulties of implementing the policy and getting humanitarian assistance to those who need it.

Natural disasters created serious damage in the following geographical areas in 2008:

- cyclones/hurricanes in the Caribbean region, affecting Haiti, Bahamas, Cuba, Madagascar and in Burma/Myanmar;
- droughts in the Horn of Africa, Sahel, Moldova, Paraguay, Honduras and occupied Palestinian territory;
- earthquakes in China;
- epidemics in Benin (cholera), Latin America and the Caribbean;
- floods in Bangladesh, Bolivia, Ecuador, Guatemala, Honduras, Nepal, Namibia, India, and Yemen;
- periods of extreme cold in Peru and Bolivia
- typhoons in Laos and Vietnam.

The Commission had to respond speedily to help thousands of suffering people, sometimes already affected by other crises.

In terms of "man-made" crises, the conflict between Georgia and Russia Federation in South Ossetia in August led to emergency intervention in favour of the population affected by this new conflict. Kenya was affected by widespread political turmoil following disputed presidential elections. The post-election violence led to the displacement of more than 500,000 people. In 2008, Yemen experienced an escalation of the internal conflict in the north of the country. In August, the failed signature of a peace agreement between the Moro Islamic Liberation Front and the Government of Philippines sparked renewed fighting in the southern island of Mindanao, causing the displacement of more than 550,000 people. At year end, around 320,000 people remained displaced, with no perspective of a solution in sight. Finally, in Sri Lanka, the conflict between government forces and the Liberation Tigers of Tamil Elam (LTTE) in the north of the island seriously escalated from the beginning of 2008.

In addition to these new crises, the Commission had to manage worsening humanitarian situations often involving complex emergencies as part of long-running conflicts. The two main examples are Sudan and the Democratic Republic of Congo.

The Commission paid particular attention to 'forgotten' crises, i.e. situations where major humanitarian needs receive little attention from donors and low media coverage. These forgotten crises received 14% (€41.3 million) of the initial budget.

2.7.2. *Humanitarian policy*

The Commission adopted on 29 May 2008 an action plan for the implementation of the European Consensus on Humanitarian Aid which gives the EU a common set of values, principles and objectives intended to strengthen the coherence of its overall humanitarian action. The overall aim is to ensure that the EU maximises the effectiveness of its contribution to the collective international humanitarian response.

As part of the implementation of the action plan, a conference on international humanitarian law was held at the European Parliament on 16 September 2008 with the participation of the humanitarian community including NGOs, UN agencies and EU Member States.

In March, the Commission adopted a Communication on *reinforcing the Union's Disaster Response Capacity*⁸⁹. To respond to increasing challenges whether they be natural disasters or man-made crises, the Communication proposes that the EU reinforces its capacity to provide civil protection and humanitarian assistance either on its own territory or in third countries.

2.7.3. *Disaster preparedness*

The Commission supports disaster preparedness actions within local communities in several regions prone to natural disasters, so as to help them react rapidly and in an appropriate manner in case of a disaster, thus allowing many lives to be saved.

The Commission continued to support programmes launched in 2007 (Central America, Caribbean, South Asia and South America, focusing on the Andean Community). New funding (€32.3 million) was allocated in the following regions: Southern Africa and Indian Ocean, Central Asia, Central America and South-East Asia.

2.7.4. *Budget*

Application of the needs-based principles led to the following geographical division of the funds (in euro) for humanitarian aid committed in 2008:

⁸⁹ COM(2008) 130 final of 05.03.2008

Figure 38: Humanitarian assistance in 2008 (in €'000)					
Unit/Region	Humanit. Aid	Food Aid	DIPECHO	Total	%
A/1: Africa, Caribbean, Pacific	292 297	254 550	5 000	551 847	58.9%
Sudan & Chad	98 000	99 000		197 000	
Horn of Africa	78 297	89 600		167 897	
Central & Southern Africa, Indian Ocean	79 650	41 550	5 000	126 200	
West Africa	26 100	13 000		39 100	
Caribbean	10 250	11 400		21 650	
A/2: Middle East, Mediterranean, Europe, Caucasus & Central Asia	82 550	62 760	7 325	152 635	16.3%
Mediterranean & Middle East	62 100	62 760		124 860	
Europe, Caucasus & Central Asia	20 450		7 325	27 775	
A/3: Asia & Latin America	128 920	43 407	20 000	192 327	20.5%
South Asia	64 850	29 407		94 257	
South East & East Asia	44 000	10 000	10 000	64 000	
Latin America	20 070	4 000	10 000	34 070	
Non-geographical assistance (capacity building, grants and services, etc)	4 460	2 534	27	7 021	0.7%
Technical Assistance (experts & field offices)	25 000			25 000	2.7%
Support expenditure (audits, evaluations, information, etc)				7 812	0.8%
TOTAL	533 227	363 251	32 352	936 642	100%

For more details on interventions by the Commission in the field of humanitarian aid, please refer to its Annual Report and financial reports, available on DG Humanitarian Aid's internet website⁹⁰.

2.8. Macro-financial assistance

The Commission implements macro-financial assistance (MFA) in association with support programmes of the IMF and the World Bank and on the basis of a Council Decision. MFA incorporates a set of principles which underline its exceptional character, its complementarity to financing from international financial institutions, and its macroeconomic conditionality. It is an instrument designed to help the beneficiary countries experiencing serious but generally short-term macroeconomic imbalances (balance of payments and fiscal difficulties). In close coordination with IMF and World Bank programmes, MFA has promoted policies that are tailored to specific country needs with the overall

⁹⁰ Annual report: http://ec.europa.eu/echo/about/what/reports_en.htm and Financial report: http://ec.europa.eu/echo/funding/key_figures/echo_en.htm

objective of stabilising the external and internal financial situation and establishing market-oriented economies.

No new operations were decided by the Council in 2008. Regarding the implementation of ongoing assistance, the second tranche of €10 million to Moldova was disbursed in June in the form of grant and the third and last tranche of €15 million was paid in late December. For Lebanon, the first payment of €15 million in the form of grant was made in late December.

3. FEATURE ARTICLES

- **Article 1: A strategic partnership between Africa and the European Union**

The year 2008 confirmed that a new era in Africa-Europe relations has begun. Since the adoption of the Joint Africa-EU Strategy at the Lisbon Summit in December 2007, the strategic partnership between Africa and the EU gained shape and substance. An efficient institutional architecture and innovative working arrangements, facilitating joint decision-making and cooperation on new challenges, together with a strengthened political dialogue, have anchored the neighbouring continents in a more balanced, forward-looking and strategic partnership. Guided by the principles of equality, mutual respect and co-responsibility in bilateral cooperation and towards global issues, this renewed relationship marks a break with the past and establishes a comprehensive, ambitious and long-term framework for future dialogue and cooperation.

Today, Africa-EU relations go beyond traditional development issues and are conducted through wide-ranging political dialogue and cooperation, covering all aspects of Africa-EU ties as well as global issues and challenges.

A partnership with new horizons

“Beyond development”: To promote dialogue and cooperation not only on conventional development issues but also in other policy areas such as energy, climate change, science and technology, where there is an interest in pursuing common objectives.

“Beyond Africa”: To discuss global issues and secure a system of effective multilateralism, with strong, representative and legitimate international institutions and agreements.

“Beyond institutions”: To facilitate and promote a broad-based and wide-ranging people-centred partnership, Africa and the EU have agreed to empower non-state actors and create conditions to enable them to play an active role in the monitoring and implementation of the strategy.

"Beyond fragmentation": To support Africa's regional and continental integration, to respect Africa's unity, and break with the fragmented approach of the past.

The first concrete results of this conceptual leap are already visible. Since the Lisbon Summit, Africa remains high on the EU's foreign policy agenda, with dialogue increasingly going beyond the confines of traditional development issues, agencies and officials. Africa, too, no longer views the EU from the perspective of the traditional donor-recipient relationship, but rather as a partner with whom global challenges can be effectively tackled.

A partnership for more complementarity and coherence

Cutting red tape, pooling scarce resources, putting money where it is needed most, sharing work so as to deliver it better and faster. These are all aspirations that the EU is committed to by the Paris Declaration (2005). This underlines the importance of making full use of each other's comparative advantages and enhances complementarity and coherence, while respecting the ownership of partner countries.

With the Joint Strategy and its first action plan, both the EU and Africa have made ambitious commitments that require an efficient institutional architecture to deliver tangible results, in cooperation with all actors and stakeholders. In response to the political, operational and organisational challenges posed by the action plan and the need for effective coordination mechanisms, the two parties have set up joint expert groups. These create an informal setting to coordinate and to implement the eight thematic partnerships agreed in Lisbon:

- Peace and security;
- Democratic governance and human rights;
- Trade, regional integration and infrastructure;
- Millennium Development Goals;
- Energy;
- Climate Change;
- Migration, mobility and employment;
- Science, information society and space.

The informal joint experts groups have been truly instrumental in stepping up coordinated efforts towards the implementation of the Joint Strategy, reducing the risks of duplication and an inefficient fragmentation of activities. Finally, the multi-sector approach of the strategy can also be considered as a major attempt in ensuring that different policy areas do complement each other, especially as regards their impact.

A partnership that expands political dialogue

In 2008, contacts between Africa and the EU, and between their respective institutions were considerably strengthened. The political dialogue on global issues has improved, allowing constructive and frank ministerial debates on all important issues, including sensitive ones like the financial crisis, universal jurisdiction and crisis situations in Africa and Europe. Followed by joint action, this high-level dialogue has contributed to the strengthening of the ties linking the two continents. The establishment of a 'double-hatted'⁹¹ EU Delegation to the African Union in Addis Ababa, the greater involvement of the African Union Delegation to the EU in Brussels, the ever-intensifying Commission-to-Commission dialogue and cooperation agenda, as well as the partnership between the European and Pan-African Parliaments have also helped bring Africa and Europe closer.

A partnership that delivers

With the institutional architecture in place, initial progress has been made in all eight partnerships.

- Peace and security: Political dialogue has been significantly strengthened in this domain, as evidenced by the first-ever meeting between the AU Peace and Security Council and the EU Political and Security Committee, the regular consultations and exchange of information between the AU Commission, the European Commission and the Council of the European Union. Dialogue has also started on related issues such as small arms and light weapons and the fight against terrorism. The cooperation on the African Peace and Security Architecture, particularly in the area of early warning, and the African Standby Force has improved. Finally, on the funding of African-led peace support operations, mention should be made of ongoing efforts to implement the new Africa Peace Facility of €300 million for the period 2008-2010. At the same time, the two sides are maintaining close consultations regarding the work of the UN Panel led by former Commission President Romano Prodi.

- Democratic governance and human rights: Africa and the EU launched parallel reflections on a common approach to democratic governance in the context of the coming dialogue in international fora and at global level. The two sides have also engaged in initial discussions on EU support for the African Peer Review Mechanism and the Pan-African governance architecture, election observation and cooperation in the area of cultural goods.

- Trade, regional integration and infrastructure: Important steps have been taken to further Africa's regional integration. In this respect, significant progress has been made in the advancement of free trade areas and customs unions, and specific attention has been given to training on regional integration. With respect

⁹¹ The Head of the EU Delegation to the African Union holds the double mandate of representative of the European Commission and the EU special Representative.

to infrastructure, 2008 was also a year of delivery. There has been increased investment in Africa's transport, energy, water and ICT networks. The EU's Africa Infrastructure Trust Fund has proved to be an innovative instrument to enhance regional integration and has received contributions of more than €150 million from 12 EU Member States and 9th European Development Fund.

- **Millennium Development Goals:** the MDG joint expert group took stock in particular of the UN High-Level Meetings in 2008 which focused on the implementation of all commitments made to and by Africa and on the MDGs globally. These were the Accra High-Level Forum which made important steps towards enhanced aid effectiveness, the EU Member States' commitments to increase ODA collectively to 0.56% of GNI by 2010; and the EU Agenda for Action (June 2008), which represents a collective European offer to developing partners, in particular in Africa, and sets a number of intermediate milestones to be reached by 2010. It was agreed that the work of the MDG partnership should link coherently with the outcomes of these events and processes, in order to ensure complementarity between the various MDG-focused initiatives.

- **Energy:** The European Commissioners for Energy and Development undertook a joint mission to Africa to promote the Energy Partnership. As a direct outcome of their mission, the European and African Union Commissions signed a *Joint Statement on the Implementation of the Africa-EU Energy Partnership*. Among the priorities agreed, the mobilisation of additional resources for investment in the energy sector is being implemented through, among other actions, the renewal of the energy facility, to be formally announced in early 2009.

- **Climate change:** An important accomplishment of 2008 was the adoption of the joint Africa-EU declaration on Climate Change ahead of the Poznan UN Framework Convention on Climate Change Conference in December. This was an excellent illustration of the new dimension of the partnership, as the African Union, its Commission, the European Commission and EU Member States were able to take a common stance towards a global issue at an international forum. The expert group has been tasked to translate the proposed priorities into concrete cooperation activities in 2009. The EU Global Climate Change Alliance, the framework for policy dialogue and support to developing countries to adapt to climate change, became operational with a budget of €300 million for 2008-2010 funded partly from the European Development Fund and the EU environment and natural resources thematic programme.

- **Migration, mobility and employment:** To organise migration movements and help create more jobs of higher quality in Africa, the two sides exchanged ideas on issues relating to migration, mobility and employment, both within and between the two continents. Discussions focused on a procedure for the preparation of the November 2010 Summit and on the possibility of setting up an African Remittances Institute.

- **Science, information society and space:** the EU and AU have agreed to work jointly on:

- African research grants and scientific awards,
- Water and food security in Africa,
- African connect, the African internet exchange system,
- the African global monitoring for environment and security,
- capacity building in the AU Commission in geo-spatial sciences.

There is no doubt that secondary effects of these projects would go far beyond the boundaries of this specific partnership.

Challenges ahead and the way forward

Since the December 2007 Lisbon Summit and throughout 2008, substantial progress has been made in the implementation of the Africa-EU Joint Strategy. The two partners have put in place the innovative institutional architecture and the demanding working arrangements agreed in Lisbon, and achieved the first concrete results in the eight thematic partnerships of the Action Plan. But even with the institutional architecture and dialogue modalities agreed, much remains to be done to deliver all results and expected outcomes of the Joint Strategy.

In 2009, both sides need to provide the necessary leadership in, and responsibility for, the effective delivery of their respective commitments and pledged contributions to the implementation of the Strategy and Action Plan. Moreover, the two partners need to ensure that all actors integrate the principles, objectives and priorities of the Joint Strategy into the programming of financial and technical cooperation, as well as into their political dialogue and meetings with third parties. Finally, wider African and European ownership of the Joint Strategy and proactive involvement in its implementation would be necessary to put into action a 'people-centred' partnership, which responds to the aspirations of all its stakeholders.

• **Article 2: Electoral Observation**

The EU election observation policy is aimed at strengthening democratic processes worldwide through the deployment of missions (EU Election Observation Missions, EU EOMs). These missions independently assess a given election process in all its components for a period of several months, before and after election day.

Although the scope of democracy obviously goes well beyond elections, democracy is not conceivable without credible elections. In this sense, the comprehensive report from a credible independent and election observation mission, carried out by a body external to the process, may enhance public confidence in the elections and provide useful elements for further reform of a given electoral system.

The EU deployed its first election observation mission in 1993, to Russia. The experience gained from this and a number of other EU observation missions which covered significant elections in the 1990s (South Africa 1994, the Palestinian territories 1996, Cambodia 1998) led to the development of a coherent and consistent EU Election Observation policy. This has been practiced since 2000, on the basis of a *Communication on Electoral Assistance and Observation*⁹² endorsed by the Council and the European Parliament.

Under the direction of the Commission, EU election observation has developed relatively quickly from a short-term, *ad hoc* operation into a long-term process with a rigorous and systematic methodology. From April 2000 until December 2008, 70 EU EOMs were deployed to elections in over 50 countries in Africa, Latin America and the Caribbean, the Mediterranean and the Middle East, Asia and the Pacific.

The EU does not deploy EOMs to countries in Europe where the Organisation for Security and Cooperation in Europe (OSCE) has the lead through its Office for Democratic Institutions and Human Rights. With EU EOMs and OSCE missions based on a very similar methodology and approach, a *de facto* division of labour has been established between the EU and the OSCE in terms of election observation.

EU EOMs have become an essential instrument of EU external action for the promotion of democracy and human rights. EU election observation can help reinforce other EU foreign policy objectives such as development cooperation, peace-building and security reforms.

The Commission's *Communication on Electoral Assistance and Observation*⁹³ cites the following main objectives of EU election observation:

- to strengthen respect for fundamental freedoms and political rights;
- to undertake an impartial, comprehensive assessment of an election process in accordance with international standards for elections as reflected in international human rights conventions;
- to enhance public confidence in the electoral and democratic processes, including providing deterrence to fraud;
- to contribute, where relevant, towards the prevention or resolution of conflict.

Election observation mission can enhance transparency and accountability. It promotes public confidence in the electoral process and mitigate the potential for election-related conflict. While election observation is not an end in itself, it should be seen as a positive contribution to electoral processes, complementing other democracy-promoting efforts including those of regional and domestic observers.

⁹² COM(2000) 191 of 16.4.2008

⁹³ http://ec.europa.eu/external_relations/human_rights/election_observation/index_en.htm

It is important to underline that – contrary to common beliefs – EU EOMs do not have a mandate to validate the results of a given election. This remains a prerogative of the national institutions, and the international community cannot replace this fundamental attribute of national sovereignty.

The funding of EU EOMs under the European Instrument for Democracy and Human Rights, further guarantees the independence of the missions. For 2007-2013, the total budget for the EIDHR is €1.1 billion (approximately €157 million per year). On average, €30–€35 million is spent annually to fund EU EOMs.

While the Commission is politically and financially responsible for EU election observation policy and for ensuring the methodology for observation, EU EOMs are independent in their findings and conclusions.

Where to observe?

EU EOMs can only be sent to countries which have invited the EU to observe the elections and which have formally accepted the presence throughout the country of observers before, on and after election day, in order to assess the main aspects of an electoral process. Freedom of movement for the observers and freedom of access to key aspects and actors of the electoral process are key elements of professional election observation. Such guarantees are usually codified in memoranda of understanding between the European Commission and the political and electoral authorities of the host country.

The Commission receives more invitations annually to send EU EOMs than it can effectively deploy due to financial and human resources restrictions. Therefore a process of selection of political priorities has been established in liaison with the Council and the European Parliament. The final list of priorities is determined by the Commissioner for External Relations and European Neighbourhood Policy, Benita Ferrero-Waldner, who is ultimately responsible for the EU election observation policy.

The Commission deploys, usually four months before election day, an exploratory mission to carry out a preliminary assessment of the electoral framework in the country. On the basis of the recommendation of this exploratory mission, a final decision on the deployment of an EU EOM is made by Commissioner Ferrero-Waldner.

In 2008, EU EOMs were deployed to Pakistan, Bhutan, Nepal, Cambodia, Rwanda, Angola, Ecuador, Guinea-Bissau, Ghana, and Bangladesh. An EU EOM for a recall referendum in Bolivia in August 2008 was not deployed, since it seemed preferable instead to observe the subsequent constitutional referendum of 25 January 2009.

Deciding where to send observers requires a strategic and consistent approach to democracy support. EU EOMs are deployed to countries where observation is

complementary to the EU's efforts in promoting democracy and human rights (Yemen 2006, Pakistan 2008, Bangladesh 2008) and/or where the EU is engaged in post-conflict stabilisation (Liberia 2005, Democratic Republic of Congo 2006, Timor-Leste 2007, Sierra Leone 2007, Nepal 2008). EU EOMs should also bring added value and make a constructive contribution to election processes by increasing voter confidence and delivering technical recommendations aimed at the improvement of the electoral system. Hence, EU EOMs are mostly sent to countries situated in the 'grey' zone of democratic transition or consolidation. They do not go to countries where, from the outset, an election can be expected to fall substantially short of international standards, or on the contrary to countries where democratic practices are considered to be generally sound and election observation would have no added value.

EU EOMs should be seen in the context of positive and long-term engagement with the partner country. While EU EOMs are complementary to other activities to support democratisation, their recommendations on electoral reform can contribute to longer-term commitments by national authorities and the donor community to the consolidation of democracy, human rights and the rule of law.

Who are the EU observers?

While the countries where elections are to be observed are selected by the Commission in consultation with other EU institutions, the missions, under their Chief Observer are independent in their findings and judgment on an election process. EU EOMs are usually led by a Member of the European Parliament, nominated by Commissioner Ferrero-Waldner. The Chief Observer is assisted by a number of analytical and operational specialists who constitute the so-called core team, managing the EU EOM activities from the capital of the country where the election is being observed. Core team members, except for the Chief Observer, are selected by the Commission on the basis of a call for candidates published on the *Europa* website⁹⁴.

Long- and short-term observers (LTOs and STOs) complement the core team. They are the mission's 'eyes' and 'ears' and are in principle deployed throughout electorally relevant parts of the country (see criteria below), provided that security and logistics allow. LTOs usually arrive in the country four-to-five weeks before Election Day, and leave two weeks after the vote. STOs are deployed for a few days in the country with the mandate to focus specifically on the polling and counting process.

A roster system has been established for the selection of the observers: any European citizen interested in becoming an election observer first has to register in this roster in their country. If his/her profile matches the requirements requested for a specific EOM, his/her name is forwarded to the European

⁹⁴

http://ec.europa.eu/external_relations/human_rights/election_observation/index_en.htm

Commission, which makes the final selection of observers. Observers are present in the country for 10 to 12 weeks, two months before and one month after election day. Observers from Norway and Switzerland can also participate in most EU EOMs: these two countries are to a large extent part of the EU election observation policy.

On election day, the EOM is often joined by an observation delegation from the European Parliament, which is part of the EOM. The delegation of parliamentarians is integrated in the EOM team, carries out observation of voting operations and it is associated with the preparation of the preliminary EOM statement. The cooperation with the European Parliament in election observation is very fruitful and gives an additional political dimension to the EOM, without interfering with the technical rigour of the assessment.

Cooperation with the EU Member States is essential to the success of the EOM: Member States embassies and the Commission are in close and constant contact with the EOM and diplomats from the embassies have the possibility to join the mission as short-term observers.

During their stay in the country, the EU EOMs systematically follow all aspects of an election and liaise with national authorities, civil society, other observers, both domestic and international, in order to get the maximum information and to act in full transparency to produce a sound and comprehensive assessment of a given election. These activities result in a number of reports, including a preliminary statement issued shortly after the vote (usually within 48 hours) and a final report. The latter focuses in detail on the different aspects of the electoral process and, importantly, formulates possibilities for further improvement in the electoral system and process. These proposals are presented to the political and electoral authorities of the countries and to the various stakeholders, namely political parties and domestic observers groups.

EU EOMs can consist of 60 to 300 observers, depending on the size of the country and electorate and the complexity of the election process. Five main criteria are used to determine the locations for the field deployment of LTOs and STOs:

- balanced geographical coverage
- population centres
- areas of specific relevance
- logistical and security restrictions

Examples of EU EOMs in 2008

Some EU EOMs deployed in 2008 were very significant: the EU EOM to Pakistan was exceptional in terms of the complexities of the political and security situation. A carefully prepared and managed EU EOM contributed

significantly to improving the electoral climate, to the transparency of the process and also enhanced the role of the EU in Pakistan.

A similar situation occurred with the EU EOM to Bangladesh. This had been withdrawn from the country in early 2007, when the democratic process was interrupted by the intervention of the army. Its recommendations, aiming at the restoration of a sound electoral framework, were used as a reference and introduced in time for the legislative elections of 29 December 2008, which were assessed as credible and broadly in line with international standards. Also in this case, the EU mission had a pivotal role for the credibility of these elections.

The EU EOM to Bhutan had to be tailored to the specificities of this unique country. Initially cautious, the Bhutanese authorities finished by acknowledging the important contribution to the process by an EU EOM deployed to cover the first election ever held in the country.

The EU EOM to Angola assessed an electoral process which was calm and peaceful with a high voter turnout – significant achievements for a country which had not held elections in 16 years. However, serious deficiencies were found in terms of a level playing field for contestants, organisational arrangements and effective pluralism in society, especially in the media.

The EU EOM to Ghana assessed an election that was very competitive, decided by very narrow margins and whose results were accepted by all parties. This election showed that African countries can carry out elections in line with international standards, if the political will is there and credible and professional institutions are in place.

Assessment of the results of EU EOMs

EU EOMs have enhanced the visibility of the EU in the domain of democracy and human rights promotion. This is especially the case, when the observation takes place in the context of a crisis or a post-crisis situation, as indicated by recent cases (Kenya 2007, Nigeria 2007, Sierra Leone 2007, Pakistan 2008, and Bangladesh 2008).

Increasing professionalism, a consistent methodology and tested independence of EU EOMs in their judgements and findings have contributed to the EU's credibility as an international observation organisation. The number of invitations for EU election observation (from countries conducting elections) and requests for EU EOMs (from EU Member States and the Commission) show the degree of esteem for the instrument.

Consequently, EU EOMs enjoy a high degree of acceptance and have been able to operate in politically sensitive and volatile environments (for example Nigeria 2003 and 2007, Malawi 2004, Liberia 2005, The Democratic Republic of Congo 2006, Kenya 2007, Timor-Leste 2007, Pakistan 2008).

EU EOMs have proven to be of particular importance in ACP countries where art. 96 consultation procedures⁹⁵ were ongoing, as holding democratic elections is a fundamental part of the Cotonou Agreement. EU EOM findings and conclusions in these cases can have a determining role in defining whether aid should be suspended, reoriented or resumed.

Way ahead

Intensifying election support efforts means investing in capacity-building. Due to increased international and European involvement in elections, Commission services regularly face a shortage of trained and qualified EU election experts. In addition, with the increased complexity of electoral processes, the need for specific expertise (e-voting, security, statistics, minority rights, gender etc.) accumulates. Therefore, priority continues to be given to the training of EU EOM team members and long-term observers (NEEDS III project). The first training sessions will commence in early 2009.

Cooperation with other international observers adhering to the *Declaration of Principles for International Election Observation* such as the OSCE, the Organisation of American States, the African Union, the Southern African Development Community, the Economic Community of West African States (ECOWAS), the Pan-African Parliament, *La Francophonie* or the Commonwealth could be strengthened. There is value in systematically exchanging views on the state of the art of observation methodology, including making improvements where needed. Coordination on specific elections being observed might be enhanced. But the independence of the EU EOMs should not be affected by these exchanges of views.

Conclusion

The EU election observation policy is a concrete example of a successful external policy instrument where the EU brings a very specific added value and builds credibility in the international arena. In institutional terms, it represents an example of excellent cooperation between the Commission, Council and European Parliament.

With the EU election observation missions, the EU has at its disposal a visible, concrete and rapidly deployable instrument of foreign policy, which contributes to strengthening democracy worldwide.

Obviously, election observation is only part of more comprehensive support for the electoral cycle and, more generally, for democracy. In fact, election observation is complementary and consistent with election assistance, which is

⁹⁵

Article 96 concerns consultation procedure and appropriate measures as regards human rights democratic principles and the rule of law

provided before an election takes place. Ideally, the recommendations of an EU EOM should be used as a reference for the eventual electoral assistance provided to the country in question. In this framework, the EC Delegation has an important role of follow-up of the implementation of the EU EOM recommendations, once the mission is over.

Democracy is not limited to elections: promoting democracy remains a complex exercise in which a more coherent way ahead going beyond supporting and observing elections has to be further developed.

EU EOMs conclusions can touch on sensitive issues or give rise to hostile reactions: however, since these conclusions are the result of a complex and rigorous technical exercise, their coherence is usually appreciated by a non-partisan public.

The visibility of EU EOMs in the beneficiary countries is usually very high and, generally, citizens of the countries observed appreciate EU observation missions; however, the Commission encourages the different missions to multiply their efforts to communicate better and provide more information about their mandates and prerogatives.

One remaining challenge is to make European public opinion more aware of the importance of election observance as a highly-visible tool of EU foreign policy, and of the involvement of citizens from the 27 Member States working together as EU observers.

More information on the EU Election Observation Policy is available at the following link:

http://ec.europa.eu/external_relations/human_rights/eu_election_ass_observ/index.htm

4. RESULTS

4.1. Introduction

In 2008, the Commission continued to improve the quality and performance of its external assistance. Delivery of programmes and projects has been demonstrably faster, even if the amounts committed have risen. EuropeAid monitors and evaluates the impact of its activities through:

- The results-oriented monitoring (ROM) system which provides an overview of how the project portfolio is progressing. The main question is: are projects and programmes on target to deliver the intended results?

- Evaluations which aim to inform the public about the results and impacts of activities financed by EC funds and which provide lessons about what has worked and what has not.

4.2. Project results: results-oriented monitoring (ROM)

Introduction

The ROM System has become an integral part of the implementation of EC development assistance activities. It is a transparent, rapid and comprehensive review of how a project is progressing at a particular point in time. It is carried out on the spot in all regions of external cooperation by independent experts in coordination with local EC Delegations, national stakeholders and the Commission in Brussels. Based on a well-structured and robust methodology, findings are presented according to internationally agreed criteria. These are based on those of the OECD's Development Assistance Committee and are the following: relevance, efficiency, effectiveness, impact and sustainability.

Each monitoring report contains short explanations for each evaluation criterion with their corresponding scores as well as recommendations for improvements to the different stakeholders. After eight years of implementation, ROM's usefulness is proven:

- At project level: ROM informs stakeholders objectively on project performance and helps project managers to think in result-oriented terms.
- At macro level: ROM provides statistics on overall portfolio performance to support management decisions.
- At programming level: ROM provides qualitative data for analysis e.g. to identify lessons learnt, to review specific sector performances, etc.

ROM achievements in 2008

As can be seen in the following table, the number of monitoring reports fell by 22% compared to 2007. This was the result of some contractual changes in 2008 with the external companies that implement ROM. All previous ROM contracts finished in December 2007, and the new companies selected needed time to set up their activities. For some regions such as Africa, the Caribbean and Pacific, the new contracts were signed between March and April 2008, resulting in the first ROM missions only taking place in July. Monitoring will revert to previous levels in 2009 and 2010 once the new teams gain momentum.

Figure 39: Overview of monitoring activities

Overview per region	ENPI East	ENPI South	Africa	Caribbean	Pacific	Asia including Central Asia	Latin America	Centrally Managed Thematic Projects	Total 2008	Total 2007	Change in % from 2007
N° countries visited	7	9	17	7	14	25	15	55	149	148	1%
N° of monitoring reports produced	348	154	138	29	32	278	173	97	1249	1421	-12%
N° of national projects monitored	218	108	138	29	21	193	154	4	865	n/a	n/a
N° of regional programmes monitored	130	46	0	0	11	85	19	93	384	n/a	n/a
Million €covered*	433	1654	1344	332	107	800	756	30	5456	9852	-45%
Estimate of actual ROM coverage in % of overall portfolio	41%	27%	13%	29%		23%	33%	7%	22%	43%	-22%
N° of <i>ex post</i> monitoring Reports	30	9	11	4	7	46	29	3	139	198	-30%
Million €covered	38	72	50	12	3	100	213	0,5	488,5	1466	-67%

What is behind ROM data? A qualitative and quantitative performance review of the ROM portfolio.

The expressed need to move forward from purely quantitative to more qualitative analysis of ROM data was tackled in 2008. Focusing on *ex post* ROM reports, a study assessed a total of 205 monitoring reports relating to 114 finished projects. It identified 17 aspects which are fundamental for project performance, 12 which are the most crucial characteristics and/or explanatory causes behind project performance, and five additional issues that regularly affect central aspects of the projects' portfolio. The following main performance causalities were identified:

- Project performance is mainly related to internal factors, both among good and poor performers. Consequently they can be addressed.
- The good or poor performance of most projects can be traced back to the identification and design phases.
- There is a major difference between "strategic relevance" (looking from a policy and strategic point of view) and "real relevance" (looking from the beneficiaries' point of view). Regardless of strategic relevance, real relevance is a pre-requisite for good performance and ownership.
- Over-ambition results from the mismatch of objectives and resources rather than the size or ambition of the project itself.
- Good communications and strong internal monitoring systems are to be found in most successful projects and their absence is always to the detriment of the project.
- The study reveals the widespread absence of results-oriented monitoring systems within all projects. As a consequence accountability, visibility and learning capacity are compromised. Only excellent projects show a satisfactory use of results-oriented monitoring systems.

The methodology applied in this study will be replicated in the future to analyse qualitative aspects of the project performance e.g. by region, sector, project size, regional programmes, etc.

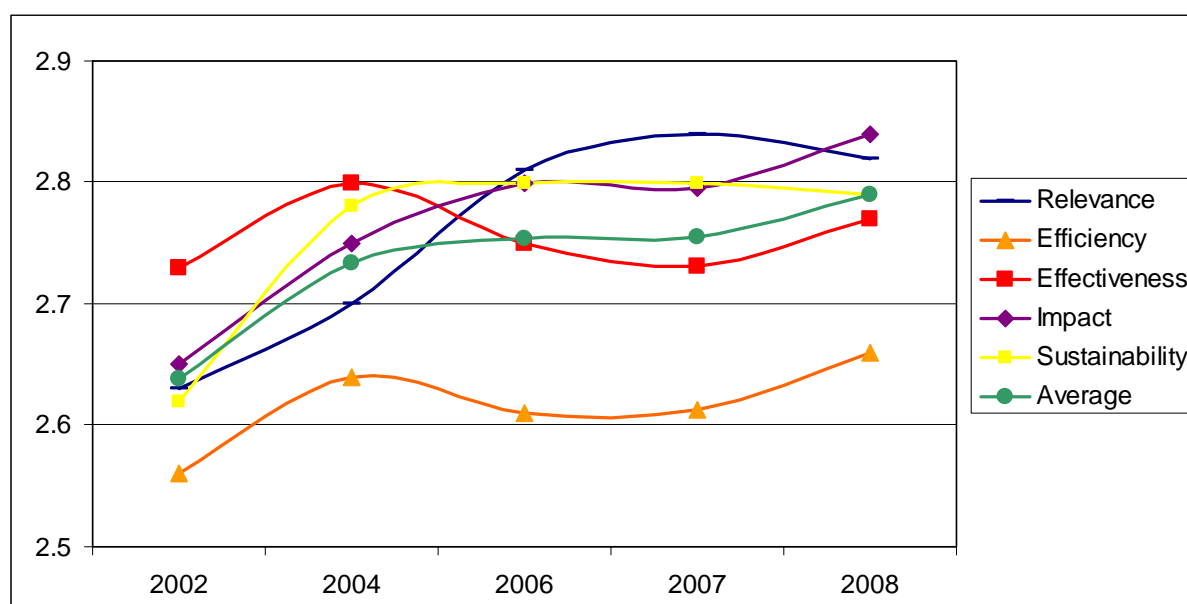
Performance timeline by OECD/DAC criteria

The OECD's Development Assistance Committee criteria allows for the ROM's consistent and coherent implementation in all regions and types of projects. The use of international criteria is also the basis for further coordination and alignment with other donors and partner governments' systems. The trend in project performance continues to improve slightly as the timeline below shows⁹⁶. On the basis of the scoring system⁹⁷, EC projects are on average performing according to plan or better. Efficiency, which has always scored the lowest, showed a slightly faster rate of improvement than the other criteria. On the other hand, relevance dropped slightly.

Figure 40: Performance timeline

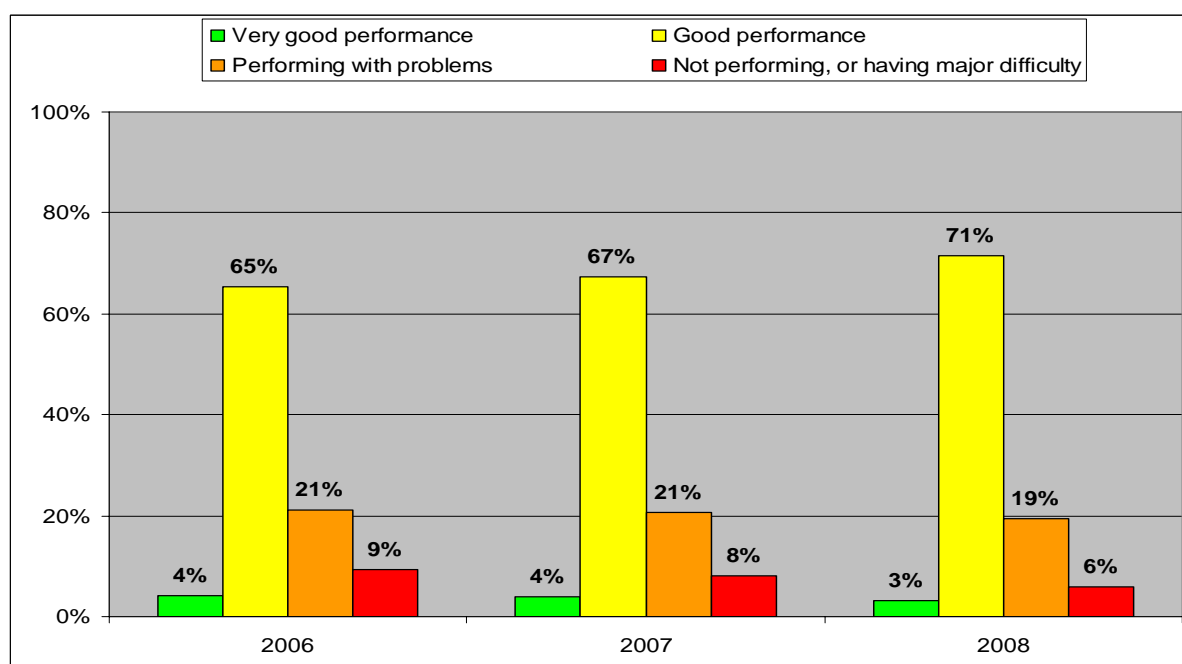
⁹⁶ Timeline data is never strictly comparable as each year the total number of projects monitored varies; the individual projects are different, etc.

⁹⁷ Scores are: a (4 points) = very good; b (3 points) = good; c (2 points) = minor problems and d (1 point) = major problems. The baseline parameter for the scoring scale, 2.5 points, has been defined as 'implementation according to plan'. Thus, a project with a score of 2.5 is fully on track and expected to deliver the benefits and impact planned



Overall performance per project: When assessing each project's overall performance, 2008 showed an increase in the percentage of good projects as well as an important fall in the number of projects having major difficulties.

Figure 41: Projects performance



Results by ODA sectors: Most monitored projects fall under the heading social infrastructure and services, which overall is performing well. Another important sector, economic infrastructure and services, is performing even better, whereas production sectors and multi-sector/cross-cutting sectors show the highest level of poor performing projects.

Figure 42: Results by ODA sectors

2008 by ODA sector	Social Infrastructure and Services	Economic Infrastructure and Services	Production sectors	Multisector - Crosscutting	Commodity Aid and General Programme Assistance	Emergency Assistance	Other Unallocated Unspecified
N° operations monitored	595	210	164	136	32	38	89
N° reports produced	595	205	159	134	32	37	87
Million € covered	2.219	1.169	803	613	195	193	262
Very good (a)	7%	5%	6%	5%	10%	10%	7%
Good (b)	64%	70%	61%	59%	57%	64%	62%
Problems (c)	27%	24%	30%	31%	25%	27%	28%
S. deficiencies (d)	2%	1%	3%	4%	2%	1%	3%

ROM methodological developments in 2008

For ongoing projects, the ROM methodology has been streamlined and improved, so as to better cover important topics such as the mainstreaming of gender and environmental issues, and the linkage of ROM with the *ex ante* quality assurance process (oQSG). To support the development and implementation of the new *Backbone Strategy for Reforming Technical Cooperation and Project Implementation Units (PIU)*⁹⁸ a review of the role played by PIUs in ongoing projects monitored by ROM was undertaken. The study confirmed that appropriately qualified staffed in well-managed PIUs were a key factor in the successful implementation of a project. However, as the ROM methodology could not capture whether the PIU structure was appropriate, it was amended in 2008 to cover this issue in future.

A new methodology to monitor regional projects and programmes has been developed ('ROM Regional'), which captures the regional dimension of the different types of interventions.

In 2006, 2007 and 2008, more than 530 completed projects were monitored by the ROM *ex post* methodology. A 2007 study examined the potential benefits of this instrument, which confirmed *ex post* ROM as a cost-effective and flexible tool. A questionnaire sent to 70 Delegations, revealed a great demand for more structured information on lessons learned and detailed data from ROM *ex post*. In addition, HQ staff asked for more emphasis on transferable lessons learned. A first important answer to this demand has been the study on causes and effects for projects performance cited above.

⁹⁸

http://ec.europa.eu/europeaid/what/delivering-aid/aid-effectiveness/documents/backbone_strategy_on_tc-pius_final_en.pdf

The ROM for sector policy systems programmes (SPSP), which implied significant challenges to the ROM system and methodology, has been tested in all regions, involving 22 programmes monitored with an overall budget of €769 million. The final analysis of this exercise has yet to be concluded but the first indications show that the adapted ROM methodology is applicable.

Outlook for 2009

In 2009, the new variants of the ROM methodology, developed and tested in 2008, will be applied. However, although the ROM methodology can be used to monitor SPSPs, the way in which this is to be fully applied in practice is part of the ongoing debate linked to the principles of the Paris Declaration and the European Consensus on Development Policy. In response to the growing number of large multi-donor programmes and the increasing emphasis on partner government management and monitoring of their own programmes, EuropeAid is considering the development and strengthening of joint monitoring mechanisms and approaches.

The positive evolution of the system is being underpinned by the development of new IT tools in the Commission.

4.3. Evaluation: review of the 2008 work programme

4.3.1. Organisation of the evaluation function

The evaluation unit in the EuropeAid Cooperation Office has a joint evaluation function on behalf of three External Relations Directorates-General: Development, External Relations and EuropeAid⁹⁹. A multi-annual programme for 2007-2013 was approved by the Commissioner for External Relations and European Neighbourhood Policy, in agreement with the Commissioner for Development and Humanitarian Aid, in March 2007. This programme confirmed the three main policy approaches of the previous period: more emphasis on geographical evaluations (partner countries and regions); enlarging the scope of thematic and sectoral evaluations; and continuing to take forward evaluations of aid procedures.

It should be noted that the joint evaluation function is only responsible for evaluations covering regional and sector policies, programmes and programming cycles and of providing methodological support for all types of evaluations.

The Commission takes into account the results of these evaluations to improve the quality and impact of its external assistance.

⁹⁹

When the last reform of external aid management took place, it was stated that "the evaluation of the results of regional and sectoral policies, programmes and programming performance is crucial for the success of the external aid policies as a whole, and needs to feed back into the programming cycle. To ensure objectivity, this level of evaluation should be conducted independently and serve as a feedback loop for the services responsible for policy, programming and implementation. The evaluation services would be accountable to the Group of Relex Commissioners. The Group will decide on the work programme of the evaluation services and act on its reports recommendations", (SEC(2000)814/5 of 15 May 2000). The new financial instruments repeated the spirit of the evaluation mandate: "evaluation of the results of the regional and sectoral policies, programmes and programming is crucial for the success of the external aid policies." (ENPI, Article 24; DCI Article 20; IfS Article 15; and IPA Article 22; 10th EDF implementing regulation Article 15)

4.3.2. *The 2008 work programme*

Nine reports were completed during the year. Four were geographical reports (Guyana, Eastern Africa, West Africa, and a synthesis of geographical evaluations between 1998 and 2006); one was thematic (energy); and three were on aid modalities (aid disbursements through UN agencies, development banks and civil society). An 'issue paper' on the methodology for evaluating budget support was also delivered. Full texts of these reports are available on the evaluation website¹⁰⁰.

Twelve new evaluations were initiated in 2008. Ten concerned individual countries: Botswana, Burkina Faso, Egypt, El Salvador, Namibia, Nicaragua, Niger (jointly with four Member States) Nigeria, Tunisia, Vietnam. The other two dealt with conflict prevention and peace building, and employment and social inclusion.

Eleven evaluations launched in 2007 were still ongoing at the end of 2008: Angola, ASEAN, Central African Republic, Chad, Laos, Malaysia, MEDA Regulation, Thailand, Uganda, education, and health and poverty diseases.

With regard to dissemination and feedback mechanisms, three seminars were organised in-country to discuss the evaluation report findings for Guyana, Pacific Islands (Fiji) and Chad. A further three seminars were organised in Brussels to present evaluation findings on energy and the channelling of aid through UN agencies and development banks. The '*fiches contradictoires*' (which follow-up on earlier evaluation recommendations) were published for the reports on Ghana, the private sector, micro-projects, governance and statistical support.

4.3.3. *Results from evaluations finalised in 2008*

Guyana: The evaluation report covers the period 1997-2007. The study concludes that the EC cooperation strategy is largely relevant to partner needs. Nevertheless, several Commission operations were not sufficiently integrated in a clear and explicit strategy, with sea defences a notable example. Most Commission interventions have achieved their outputs but the global impact of these activities is limited. Sustainability of Commission operations is weak because there is often no exit strategy. The efficiency of programme implementation has been constrained by weaknesses in institutional set-ups and delays.

Eastern and Southern Africa and Indian Ocean: The 8th and 9th EDF regional strategies are relevant, especially for trade. They represent the most important external programme in support of regional integration. The Commission's added value is evident in promoting regional integration. However, there are no explicit linkages between the national and regional strategies and there is a lack of coordination in their implementation. There are significant impacts in sectors such as trade, regional integration, transport and natural resources management. The Commission, despite its major added value, and its strategic potential to support conflict prevention, resolution and management, is ill-equipped presently to do so. EC operations are becoming more visible, strategic and effective, despite the persistence of significant efficiency and management problems.

¹⁰⁰

http://ec.europa.eu/europeaid/how/evaluation/index_en.htm

West Africa: EC cooperation in the West Africa region during the period 1996-2007 was considered relevant, notably in the transport sector. EC cooperation has added value to the regional integration process by focusing its aid on institutional development. With the exception of transport, coherence and complementarity between the regional and national strategies was weak. Strategies outlined in the 8th and 9th EDF did not generate the expected effects on the regional programmes. At the end of the evaluation period, new measures were set up to clarify and improve the performance of the regional strategy. However, because a time lag is required to measure real impact, the effects of these changes cannot be quantified or even described. Efficiency was also weak because of poor programme management processes and long delays.

Synthesis of geographical evaluations (1998-2006): The evaluation report assesses the evolution of evaluation methodology used for complex evaluations and summarises the main conclusions and recommendations from related evaluation reports. The Commission's approach to evaluation was modified from 2001, and only stabilised in 2006. Evaluation reports completed during this period respond well to six of the quality criteria, with three other quality criteria requiring improvement (clarity of the report, design of the evaluation and analyses of data). The quality of evaluation reports was uneven. The evaluation reports contain some common trends:

- The Commission's strategy is considered uneven in some cases;
- Coherence between Commission instruments needs to be improved;
- Thematic coverage is generally relevant, demonstrating impact but with poor sustainability;
- Cross-cutting issues (gender, environment and human rights) need to be better mainstreamed;
- Implementation of EC support is a concern in all the evaluation reports (cumbersome procedures, long delays and weak management) and is made worse by poor institutional memory.

Energy: The evaluation report covers the period 1996-2006 for all external cooperation partner countries. The study was organised around three clusters of objectives: access to energy for poverty reduction in partner countries, nuclear safety and security of EU energy supply. This evaluation concluded that while EC-supported interventions are often relevant, they do not result from a systematic approach that is aimed at maximising their contribution to EU goals. The Commission was among the first international donors to invest in nuclear safety. But its role in other energy sectors remained more limited. The effectiveness of the Commission's nuclear activities is tangible. However, its impact on overall safety is hard to assess, especially on enhancing the safety culture. A large part of the limited resources dedicated to activities targeting and supporting security of EU energy supplies was spent on investment, with the effects and impacts yet to be demonstrated. A few EC operations (mainly pilot projects) have directly contributed to reducing carbon emissions.

Channelling aid through the organisations of the UN family: Funds channelled through the UN bodies have dramatically increased from 2001, reaching €1 billion in 2005 and 2006. Both the Commission and UN agencies have benefited from this increased cooperation, which has been facilitated through a financial and administrative framework. The EC has taken a pragmatic, rather than a structural and strategic, approach, treating UN bodies as partners and working with them on an *ad*

hoc basis. There has been a positive impact at the partner-level for the majority of the EC funding through the UN, with the Commission able to maintain its visibility with partner countries. However, new strategic communication needs to be considered and visibility must be reinforced at headquarters and with the general public. The Commission needs a mechanism or structure that can generate a comprehensive view of UN interventions and analyse information covering this aid delivery mode.

Channelling aid through development banks and the EIB: Funds channelled through the World Bank and the European Investment Bank have substantially increased since 2001, reaching €650 million in 2006. Channelling funding through the WB or the EIB serves different functions. Channelling aid through the EIB was carried out within the framework of strategic EU cooperation agreements for a range of grant-based financial instruments. On the other hand, funding via the WB was on a case-by-case basis, covering a broad range of development issues and global initiatives. Both the Commission and the banks have benefited from their cooperation. Impact in partner countries has been positive for most Commission funding through the banks. The one difficult area which produced mixed results, was funding to WB single-donor trust funds. Whilst the Commission was able to maintain its visibility at the partner country level, it was low at headquarters and among the general public. Commission internal organisation has not adapted itself to the substantial increases in aid channelled through development banks. This is coupled with a lack of knowledge on this particular aid procedure within the Commission.

EC aid delivery through civil society organisations (CSOs): While the participatory development agenda adopted by the EC in 2000 is gradually affecting the CSO channel, the Commission has not yet developed a clear and consistent strategy on how to use this channel to meet its stated policy objectives. Moreover, the prevailing culture within the Commission is not conducive to strategic management of the CSO delivery channel because of a number of disincentives:

- limited political backing
- the administrative priority towards disbursing funding, the financial control of aid and focus on short-term results;
- the lack of space to establish strategic partnerships with CSOs;
- institutional fragmentation at both the headquarters and Delegation level.

The CSO channel has had positive effects at project level but questions remain about the sustainable impact of these activities. The added value of the CSO channel is not sufficiently used by the Commission, while good practices are not underpinned by a coherent and consistently-applied strategy throughout all its external services.

Evaluating Budget Support: A group of three experts has been asked to produce a specific approach for evaluating budget support. The main objective is to assess the chain of impacts for this instrument. The experts have proposed a three-step approach. The first step focuses on the relevance of the inputs provided, looking at their direct outputs, while assessing the quality and adequacy of changes in the government system (i.e. induced outputs). The second step provides exhaustive information on the extent to which development results targeted by budget support were achieved in the partner country and what the determining factors were. The final step aims to assess the contribution of budget support to factors that have had a key role in determining the success or failure of government strategy in the partner

country. It also combines and compares the results of the first and second steps. This 'issue paper' has been submitted to the evaluation expert group within the OECD/DAC and faced scrutiny by an *ad hoc* group to assess its feasibility.

4.3.4. *Synthesis of main lessons learned*

- The relevance of EC programming and implementation is generally good: the EC addresses the needs of partner countries and remains coherent with the goals of the EU.
- Effectiveness is good for most activities. The expected outputs are in general delivered but there is a lack of attention to sustainability in implementation because there is too little attention to exit strategy when the activities are designed.
- EC interventions do generate impacts: as demonstrated in the nuclear field, or by several country-level evaluations and the evaluations on channelling aid through development banks and UN bodies. However, internally there is a general lack of knowledge on the results of these interventions.
- The weakness of aid efficiency is highlighted in all the reports. This is mainly due to delays in implementation, cumbersome procedures, and weak management. This also limits the effectiveness of EC actions.
- The Commission has a clear added value in its regional programming. However, weak linkages remain between national and regional programming and implementation.
- Certain modalities for delivering aid have emerged. These channel large amounts of EC funds and have generally given positive results. However, the Commission lacks a comprehensive view of activities under these emerging modalities and urgently needs a structure for analysing information and learning new lessons.
- These emerging aid modalities have maintained the visibility of EC activities at partner country level but there is not enough awareness at the general public and headquarters level.
- Most evaluations point out the necessity for the Commission in certain cases to develop a more global strategy, both in programming and in implementation. Areas where more thought needs to be given include: synergy between activities; mix of modalities for delivering aid; and coherence between country and regional aid.

4.3.5. *Outlook for 2009*

The evaluation programme for 2009 will follow the path laid down in the multiannual evaluation programme for 2007-2013. The following evaluations are planned to be launched: 12 geographic evaluations (Djibouti, Dominican Republic, Ethiopia, Honduras, Liberia, Maldives, Pakistan (or Nepal), Philippines, Overseas Countries and Territories, Sri Lanka, Senegal (jointly with Spain) and Ukraine); five thematic evaluations (support for the decentralisation process, respect of human rights and fundamental freedoms, visibility of EU external action, judicial and

security sector reform and aid to basic products) and one evaluation on technical assistance. Setting up a common methodology for evaluating budget support will be pursued with other donors.

5. AID MANAGEMENT

5.1. Introduction

The Commission has sought to raise its standards in recent years for aid implementation, quality control, accountability and results monitoring. It has moved towards new and simpler processes and to more dynamic forms of partnership with beneficiaries and with other donors. It has simplified its procedures and clarified the rules for delivery and implementation.

The Commission's progress has been recognised by its peers, in particular by the OECD Development Assistance Committee. The DAC 2008¹⁰¹ survey showed that the EC was performing above the average of all surveyed donors against the indicators of the Paris Declaration on aid effectiveness.

A comparative study¹⁰² also revealed that EC operations are well in line with those of other leading donors. The EC time frame of operations, from start of programming to start of operations is comparable to these donors (120 weeks for the EC and for DFID, 122 for AFD, 100 for SIDA), although the nature of the EU decision making process creates a longer approval period. The duration of the contracting phase is very similar to that of the surveyed donors.

The positive trend which is emerging is the consequence of a consistent effort made over the last few years to take into consideration results of evaluations which systematically pointed to implementation delays, complicated procedures and more generally lack of efficiency as the main weaknesses of Commission managed aid. In 2008, efforts concentrated especially on:

- A reform of EuropeAid's technical cooperation and project implementing units to improve aid effectiveness.
- A simplification of procedures with the alignment of EC budget and EDF procedures for awarding procurements and grants.
- A growing use of budget support. Budget support has become the EC's preferred aid modality as it helps increase local ownership and reduce transaction costs.
- The development of skills and capacity of staff involved in delivering external assistance at HQ and delegation level. EuropeAid has become a front runner in the delivery of training.

¹⁰¹

¹⁰²

http://www.oecd.org/document/0/0,3343,en_2649_15577209_41203264_1_1_1_1,00.html

http://ec.europa.eu/europeaid/what/delivering-aid/documents/final_comparative_study_en.pdf

- An extension of the quality control process: 99% of projects and programmes have been screened by the Quality Support Group at identification and formulation stage.
- A stronger cooperation with other donors: the proportion of EuropeAid's annual commitments delivered through International Organisations has risen significantly over the last five years, and lessons are being learnt from this type of management. Co-financing opportunities are also now operational.

5.2. Developments in aid delivery modalities and channels

The EC Approach to Aid Delivery

In line with the international commitments on Aid Effectiveness and the Accra Agenda for Action agreed in September 2008, the European Commission is a leader in the use of budget support and the sector approach to deliver its external assistance. European external assistance is implemented through three main delivery modalities, the choices depending on a joint Commission/government analysis of the country and sector environment.

At a policy level, the sectoral approach and the use of budget support as a preferred aid modality also follow the orientations of the European Consensus on Development, which states that “where circumstances permit, the use of general or sectoral budget support should increase as a means to strengthen ownership, support partner's national accountability and procedures, to finance national poverty reduction strategies (PRS) and to promote sound and transparent management of public finances”.

The sector approach, where a sector policy support programme (SPSP) is used, aims to underpin an agreed sector policy and a realistic strategic framework monitored through performance criteria and indicators. SPSPs may be financed by (i) sector budget support (SBS), with funds transferred to the national treasury of the beneficiary country; (ii) pooling funds with beneficiary governments and other donors, or (iii) project procedures using EC procurement and grant award processes. The EC also supports national or macro-level goals expressed in national policy and strategy documents (such as a poverty reduction strategy paper). This support is financed through general budget support (GBS), with funds transferred to the national treasury of the beneficiary country. It is usually accompanied by capacity-development activities, generally in the area of public financial management.

The project approach is used in situations such as support to non-state actors and regional programmes, or where conditions do not allow for complete use of government systems, for example in conflict or post-conflict situations. Projects are implemented using the EC's procurement and grant award procedures.

5.2.1. *The 'Backbone Strategy' for reforming Technical Cooperation*

During 2008, the Commission worked intensively to prepare the reform of its technical cooperation and projects implementation units. Following a wide process of consultation with European Commission Delegations, partner countries and Members States, the so-called backbone strategy was adopted in July. This work

builds on the findings and the recommendations of the *Special Report on the Effectiveness of Technical Assistance in the context of Capacity Development* issued in 2007 by the European Court of Auditors. The strategy is fully in line with EC commitments on aid effectiveness and the Accra Agenda for Action with respect to capacity development.

The strategy provides a clear vision and a set of principles including: focus on development of local capacity, demand-led approach, partner country ownership throughout the management cycle of operations, strong result orientation. Special attention is paid to innovative options for the provision of technical cooperation including the use of national and regional resources and of public sector expertise, as well as various forms of Twinning arrangements.

The backbone strategy is supported by a detailed and ambitious work plan which describes the actions to be taken at headquarters and country level in the short, medium and long term. The preparation of an online platform has been launched to facilitate and to follow the implementation of the strategy and open up dialogue with a broad range of stakeholders in the area of capacity development.

5.2.2. *Budget support*

The proportion of development aid implemented in the form of budget support continued to grow in 2008. During the year, the total amount of budget support commitments represented around 39% (€3.86 billion) of all commitments from both the EC budget (27%) and the EDF (more than 50%).

Funds are provided either as general budget support or sector budget support where the focus is on one sector. In 2008, total GBS commitments represented 60% of new budget support operations and amounted to €2.3 billion. GBS programmes were entered into with 21 ACP countries, two Asian countries (Laos and Vietnam), and one Latin American country (Honduras), as well as with St. Kitts and Nevis under the sugar thematic budget line of the DCI. However, two thirds of the amount went to the seven ACP countries benefiting from an MDG contract¹⁰³. This type of contract was developed in close cooperation with partner governments and Member States to allow the provision of more predictable, longer-term assistance.

During 2008, the use of SBS to deliver aid increased. It also diversified the type of sectors covered especially in countries outside the ACP region¹⁰⁴. Total SBS commitments amounted to €1.5 billion in 2008, about 40% of new budget support. SBS operations represented 18% of new budget support commitments for the ACP region, nearly 60% for Asia, and up to 100% for South Africa and the countries benefiting from the ENPI. In these latter two cases, budget support operations are concentrated in areas such as justice, legislative support, energy, trade and competitiveness. In Asia, most of the commitments were made in the social sectors. In Latin America, four new SBS operations have been approved on water management, education and employment. Although in ACP countries the share of SBS remains more limited and focused on traditional sectors (roads, health and

¹⁰³

Burkina Faso, Ghana, Mali, Mozambique, Rwanda, Uganda and Zambia

¹⁰⁴

For the purpose of this document South Africa is treated separately from the ACP region

education), some new sectors (justice, professional training, decentralisation) are also emerging.

Evaluating the impact

As budget support has become the Commission's preferred aid modality, reflecting its results-led approach, demand for tangible results is increasing. Evaluations of budget support operations must look closely at the extent to which budget support has contributed to achieving sustainable results. This is however, difficult to evaluate, as budget support funds become part of the total budget available to a government. It is thus most problematic to 'attribute' any results to the origin of funds. Previous evaluation methodologies, such as the one developed by the OECD/DAC fell short of evaluating results (i.e. outcomes and impacts) and focused more on processes and factors contributing to results.

For this reason, the Commission is currently developing, in consultation with other donors and Member States, a comprehensive methodology for the evaluation of both general and sector budget support operations at country level. The proposed methodology consists of a three-step approach:

1. evaluate the impact of budget support on government policy and processes;
2. assess (identify) the results of government policies;
3. try to assess the contribution of budget support to the factors that have had a key role in determining the success or failure of the government policy.

This methodology will be tested on a few selected pilot countries in 2009-2010 and will subsequently be further refined. The ultimate objective is to systematically conduct joint evaluations of general and sectoral budget support programmes.

In 2008, a comprehensive overview of EC general budget support programmes was undertaken. The purpose was to examine the variable-tranche mechanism and its related performance indicators. This study covered 46 programmes implemented in 27 ACP countries during the period 2004-2007. It reveals that on average 70% of the variable tranche was disbursed which is an indication that targeted results were achieved at a fairly high level. Most of the indicators of these variable tranches were output indicators in public finance management, health and education.

Public finance management

To be eligible for budget support, countries are required to have national and/or sector development and macro-financing policies and strategies in place (or under implementation). In addition, the fulfilment of specific performance indicators determines the amounts disbursed. The area of public finance management (PFM) is the third eligibility criteria. It is essential to demonstrate that the EU taxpayers' money is utilised by the partner governments in an accountable manner for the benefit of the population. However, even when a PFM system is regarded as weak, a country can receive budget support to strengthen its PFM system. What matters, therefore, is the existence of a credible strategy for reform and the country's commitment to achieve positive results over time. This is what the Commission calls the 'dynamic approach'.

As with most other donors (including the Bretton Woods Institutions), the European Commission uses an initial PFM diagnosis as the baseline against which progress is measured over time. The Public Expenditure and Financial Accountability (PEFA) assessment, developed with other donors, is the preferred tool. It is established on a country-by-country basis. The suggestion by the European Court of Auditors to specify minimum PFM standards that are uniformly applicable to all countries was deemed inappropriate by the Commission. It cited a lack of internationally-accepted standards, and the highly inter-related nature of PFM reforms, combined with different starting points, critical paths and sequencing of reforms. However, the Commission considers that in particular when dealing with fragile states, it must work closely with the international donor community and manage the ensuing risks, typically by requiring the existence of an IMF programme addressing basic issues such as cash management, revenue and expenditure framework, and treasury control. From June 2005 to the end of 2008, PEFA assessments were carried out in 55 ACP countries. All ACP countries and almost all countries in the rest of the world benefiting from EC budget support had completed a PEFA assessment by end-2008.

In order to get a clear overview of PFM monitoring systems in countries where general budget support was in place between 2004 and 2007, the Commission contracted a study in 2008 to examine the coherence between (i) the initial PFM diagnoses, (ii) the disbursement conditions and PFM indicators used in EC general budget support programmes, and (iii) any capacity development programmes financed by the EC in the field of PFM. This study showed close links between comprehensive PFM reform programmes and good PFM policy dialogue between the government and the donors. In this context, budget support offers a good platform for this PFM dialogue and often fosters governments' interest in PFM reform. In addition, PFM reform cannot be 'bought' by budget support conditions but can be better obtained through gradual building up of mutual trust and respect through policy dialogue.

Against this background, the Commission committed itself to make the provision of budget support more effective and transparent with the help of the following plan of action.

The Commission will strengthen PFM assessments and improve the structure and formalisation of the financing agreements with partner countries at the formulation stage, which includes:

- a clearer identification of PFM weaknesses and risks, as a basis for the determination of a baseline,
- an explicit identification of root causes,
- a more detailed analysis of the credibility of the strategy,
- setting out the expected results in the short, medium and longer term from the ensuing PFM reform strategy.

In fragile and post-conflict countries, the provision of budget support may require the existence of some ultra-basic elements that need to be further elaborated (e.g. the existence of basic expenditure and revenue framework, cash management and treasury control function). This work entails close collaboration with the international donor community (in particular, the Bretton Woods Institutions).

The Commission believes that transparency and accountability are essential elements for development results. Therefore, the Commission agrees to improve its reporting system on budget support (regular, comprehensive information on volume, allocation and results of development expenditure), in line with the Accra Agenda for Action, in a common EU approach (Commission and the Member States).

In relation to fragile states, the Commission has begun to develop detailed guidelines regarding the macroeconomic frameworks for implementing budget support programmes under such conditions. This work is also being carried in close collaboration with the international donor community (Bretton Woods Institutions, OECD/DAC and EU Member States). While the Commission is awaiting the detailed IMF analysis to define its response to the financial crisis, increased budget support operations can, however, be expected in the context of additional financing requirements for developing countries. The Commission will furthermore continue to develop the frameworks necessary to ensure that in particular the needs of fragile states are met.

5.3. Progress on qualitative issues in aid management

Methodological work and training

Developing the skills and capacities of key actors involved in the design and implementation of EC-funded programmes is a key contributor to improving their quality, impact and sustainability. The Commission is investing in the development of the capacity of its staff and other stakeholders involved in delivering external assistance through methodological work. In 2008, particular attention was paid to meeting the challenges of supporting public financial management reforms. Moreover two new reference documents have been finalised in the *Tools and Methods Series*¹⁰⁵:

- *Sector Approaches in Agriculture and Rural Development*: this document completes the *EC Guidelines Support to Sector Programmes* by offering additional guidance and references with respect to programme-based approaches in agriculture and rural development.
- *Analysing and Addressing Governance in the Sector Operations*: this document aims to strengthen the understanding of governance issues at sector level and to increase the capacity of Commission staff to analyse and address governance in designing and managing EC support to various sectors.

A major area of work has been the preparation of the new *Guidelines on Technical Cooperation*, supporting the implementation of the EC strategy on technical cooperation by offering operational guidance on programme design and management (See section 5.1.1.).

Among donors, EuropeAid is a front-runner in the development of training in various areas related to sector approaches, such as public financial management, institutional analysis and capacity development, applied macroeconomics, decentralisation and

¹⁰⁵ All these documents are accessible to the public on the EuropeAid internet site http://ec.europa.eu/europeaid/infopoint/publications/index_en.htm

public sector reform. In 2008, over 2 000 participants attended more than 96 sessions of methodological courses held in Brussels and various partner countries. New training launched in 2008 included courses on the 'growth challenges'; aid delivery in fragile states; supporting PFM reforms and sequencing; introduction to public sector reforms; cultural dimension in development.

In 2008, EuropeAid continued its active involvement in the *Joint Donor's Competence Development Network*, known as Train4Dev. EuropeAid again chairs the network for the period 2008-2009. The goal of Train4Dev is to promote the implementation of the Paris Declaration through joint learning events addressed above all to donors' staff. One example is the joint learning programme on Sector-Wide Approaches (SWAp), coordinated by EuropeAid: 20 learning events with more than 1 000 participants (donors and key representatives of governments and civil society). Joint learning programmes have proven to be relevant and very successful in supporting sector processes and the aid-effectiveness agenda.

Quality of operations design

The Commission has developed a structured system, the office Quality Support Group (oQSG) to screen and support the quality of operations at the stages of identification and formulation. In 2008, the coverage ratio of the oQSG reached 99% of projects and programmes approved by EuropeAid. This peer review mechanism screened 1 128 identification and action *fiches* in 2008, representing an overall increase of 27% in the number of design documents submitted to this quality support process.

Although the number of projects covered by the oQSG has increased in the past two years, EuropeAid believes that the support provided by the oQSG process can be further improved. Therefore an analysis of the system was carried out in the first quarter of 2008. The conclusions of this analysis were validated by an internal audit. While positive about the contributions of the oQSG to improving the design of operations, the audit nevertheless proposed recommendations to further reinforce the support provided. On the basis of the analytical study and the audit, two reviews have been initiated: the first on methodology and the second on the use of IT.

The methodological review, carried out by a working group, aims to improve and rationalise the oQSG process through:

- Operation planning and inception;
- The organisation of the oQSG process;
- Project/programme quality analysis (more in-depth and better justification) and the way feedback is given;
- The oQSG reporting system.

In parallel, following an internal IT review of the oQSG, the decision was taken to prepare a proposal to develop an IT platform for recording, analysing and reporting information generated through the oQSG process. The aim is to increase the efficiency and effectiveness of the process and ultimately the quality of the projects reviewed. The review mapped the oQSG process and proposed a process re-engineering. Furthermore, the need to build a common IT platform linking all the quality support, monitoring and project evaluation tools into a unified project for the

quality cycle has become obvious. Therefore a quality platform was included under EuropeAid's *Schema Directeur* as a high priority project for 2009-2010.

Development in working with indicators

The Commission has launched a pilot exercise to test the relevance of using lists of standard indicators to be included in the projects submitted for analysis to the quality support groups (except for budget support actions and calls for proposals). The objective is to include standard indicators into reporting. After one year of testing and on the basis of a sample of 145 projects, the preliminary conclusions are that the method, as it stands, does not yet fully meet the objectives, due to a number of technical factors¹⁰⁶ and to the consequences of this exercise observed in the field on the principles of ownership and alignment.

The Commission is in the process of analysing data and drawing the full conclusions of this pilot phase in order to decide on the necessary adjustments, and on the best way to follow up the pilot exercise.

5.4. Simplification of procedures

The introduction of the new instruments on external cooperation under the EC general budget for the period 2007-2013 on one hand and of the 10th EDF on the other completed a five-year process to rationalise and simplify rules and procedures. The final step was the entry into force of the new Annex IV of the Cotonou Agreement which aligns EDF procedures for awarding contracts and grants and performing contracts with those of the EC budget, while preserving the ACP preferences¹⁰⁷. The work on unifying EDF templates and those used for actions financed by the general budget of the EU was achieved and the new Practical Guide (PRAG 2008) contains the unified set of rules¹⁰⁸.

The simplification at the conceptual and legal level was reflected in new implementation methods. Following the modifications to the financing regulation and the legal tools just mentioned, the way is now open for the Commission to delegate tasks to national public and private bodies with a public service mission and for the Commission to receive and manage funds from other donors. Following these new possibilities, EuropeAid has put into practice the concept of co-financing by drawing up the corresponding guidelines and model agreements. In this manner, the Commission can become an active partner for co-financing, in line with Paris Declaration and the European Consensus on Development.

Hence the new adjustments in the financial and legal instruments, triggered by the Commission, allow now for a more integrated, cost-effective and rapid delivery of development assistance.

¹⁰⁶ Such as the difficulty of calculating the likely developments in a given country or region in the presence and absence of the EC intervention - the final values with and without the project - and the difficulty of providing data due to the non availability or inaccuracy of statistics

¹⁰⁷ Decision No 3/2008 of the ACP-EC Council of Ministers of 15.12.2008 to adopt amendments to Annex IV to the ACP-EC Partnership Agreement

¹⁰⁸ Further information on the Practical Guide to contract procedures for EC external actions: http://ec.europa.eu/europeaid/work/procedures/implementation/practical_guide/index_en.htm

5.5. Cooperation with international organisations and other donors

Cooperation and partnership with the UN and the World Bank have remained significant, with contributions from EuropeAid amounting to €670.85 million to the UN and €267.2 million to the World Bank in 2008. The UN and the World Bank continue to work with the Commission to support programmes in areas such as election monitoring and assistance, institution building, rehabilitation, rural development, education and health. Cooperation also takes place with regional development banks in Africa, Asia and Latin America.

The Commission has continued to assure itself that the international organisations with which it works meet international standards as regards accounting, external audit, internal control and procurement. This compliance analysis has now been successfully completed for almost all the main UN organisations. During 2008, this process has been started for a range of other international organisations.

The United Nations

Sharing common objectives and values, and similar policy priorities in areas like poverty reduction, human rights, democratic governance, crisis prevention and recovery, the Commission and the UN are now working together in over 100 countries, as illustrated in the latest report on cooperation between the UN and the European Commission, produced by the UN in 2008 with Commission support¹⁰⁹.

The Commission and the UN continued to streamline the way they work together under the 2003 Financial and Administrative Framework Agreement (FAFA). The annual meeting saw the adoption of joint guidelines on visibility, which have been incorporated in a revised *Communication and Visibility Manual for EU External Actions*. Agreement was also reached on the conduct of verification missions and a joint EC/UN reference group was set up to address recurring implementation issues. Throughout 2008, staff from both the UN and the Commission participated in joint training initiatives to help foster mutual understanding and ensure that together their institutions can deliver a better service to partner countries. Moreover the Commission offered a joint EC/UN training session on how it works with the UN (use of joint management, FAFA and applicable procedures, visibility, verification and reporting).

A comprehensive evaluation of Commission financing channelled through the UN system was finalised in June 2008. The evaluation confirmed the value of the partnership and was broadly supportive of the Commission's decision to channel funds through the UN. It found that working together made more and bigger operations possible, impacting directly and positively on beneficiaries. It furthermore confirmed the key facilitating role of the FAFA. However, the evaluation pointed to the need for the Commission to deepen its knowledge of the characteristics and strengths of UN partners to further capitalise on the partnership. It also suggested the Commission make the objectives and general framework for channelling funds through the UN more explicit, build up some focus areas for strengthened

¹⁰⁹ "Improving Lives", produced by the UN office Brussels with Commission support, available on <http://www.unbrussels.org/improvinglives2007.pdf>

cooperation, clarify remaining uncertainties on respective obligations in the management of the FAFA, and further enhance the visibility of the overall partnership. Work in these areas has already started.

The UNDP continues to be the Commission's main partner, with major rehabilitation and reconstruction programmes. Support for elections is also an area where the Commission and UNDP have increasingly cooperated. The *Operational Guidelines for the Implementation of Electoral Assistance Programmes and Projects*, first agreed with UNDP in 2006, were further refined in 2008, with revised guidelines entering into force during the year.

In 2008, the European Commission continued to support the World Food Programme (WFP) as a key humanitarian agency providing relief and assistance to the most vulnerable across the globe. The EC reacted decisively to the global food crisis and allocated an additional €140 million of humanitarian food aid to support *inter alia* the WFP's emergency operations to cope with the food price crisis and respond to affected populations worldwide.

Furthermore, a share of the additional allocation of €50 million from the food security thematic programme (see Section 2.3.11.) has been utilised to offer safety net support to vulnerable urban people and for different activities such as better access to food, health and nutrition, and improved agricultural production through the WFP.

It is also worth noting that in the framework of the preparation of activities which could be financed under the 'food facility' regulation adopted on 16 December 2008, the UN agencies and the WB coordinated their inputs under the UN high-level task force on food security, demonstrating their ability and willingness to put the UN reform in practice.

The World Bank

The Commission remains one of the main contributors to multi-donor trust funds managed by the World Bank. The Commission is conscious of the need to ensure that these substantial amounts are properly managed, monitored and accounted for. In 2001 it signed a Framework Agreement with the Bank, which is jointly reviewed each year and has been updated on several occasions in relation not only to financial management but also on issues such as visibility. A revised agreement is to come up for renewal in March 2009 and negotiations took place in the latter part of 2008 to prepare for this revision. The Bank manages over 900 trust funds, each with its own remit, rules and governance structure. Most are relatively small. This is a significant management problem for the Bank. The Commission fully supports the Bank's efforts to make these trust funds more transparent and to simplify the procedures which govern them.

Operational coordination with the World Bank is extremely good and relations in-country between the Commission's Delegations and the Bank's offices help to reinforce the frequent contacts at headquarters level. The Bank's representative in Brussels and the Commission's Delegation in Washington also help to support the cooperation. In some key programmes, such as aid to the Palestinians and in Iraq, the

need for a common approach is reinforced. Progress was also made on the continuing evaluation of EC contributions to World Bank trust funds.

In November 2008, the evaluation of the Commission's aid delivery through development banks and the EIB was completed. As in the case of the UN, the evaluation also confirmed the value of the partnership and it found that working together made more and bigger interventions possible, impacting directly and positively on beneficiaries. It found that working with the development banks resulted in greater efficiencies and lower operational costs. By working with these partners, the Commission benefits from the expertise, experience and synergies created.

For both the UN and the banks, the evaluations found that the presence of the Commission in the governance and decision-making structures of trust funds permits a close follow-up of the programmes, and guarantees both that the EU is visible and that its policy concerns are taken into account and its financial procedures adhered to. On channelling through the World Bank, a clear Commission strategy was recommended.

OECD/DAC

During 2008, the Commission was invited by the DAC to feature in the first-ever DAC report on multilateral aid. The report offers a useful overview of multilateral aid and some of the strategies that are in place, or being developed, by DAC donors working with multilateral agencies. It gave DAC donors the opportunity to outline in greater detail their approach to multilateral aid, including policies and trends.

The compliance assessment procedure mentioned at the start of this section (5.3) began in 2008 for the OECD and is expected to be completed in 2009. Cooperation between the Commission and the OECD is wide-ranging and a meeting between Commission President Barroso and OECD Secretary-General Angel Gurría in November 2008 demonstrated the importance of the relationship.

Council of Europe

The EU strengthened relations with the Council of Europe with the signature in May 2007 of a memorandum of understanding on enhanced cooperation and political dialogue. The Commission, which had contributed significantly to the negotiating process, is now actively implementing the memorandum. This is illustrated by the exchange of letters in June 2008 between the European Commission and the Venice Commission of the Council of Europe, to enhance cooperation in the fields of constitutional and electoral legislation. This is also borne out by the volume of joint projects, worth over €60 million at the end of 2008. The shared values of pluralist democracy, the rule of law, and human rights and fundamental freedoms are the core areas of cooperation, which is particularly fruitful in countries participating in the European Neighbourhood Policy and its enlargement process. But cooperation also goes beyond the European continent, as the projects agreed with the North-South Centre of the Council of Europe in the fields of youth and education demonstrate.

OSCE

In 2008, cooperation between the EU and the OSCE continued both at the level of Headquarters and between the OSCE Field Presence and EC Delegations on the ground. Good coordination efforts and financial support ensured efficient implementation of several EU and OSCE programmes. In Ukraine, the Commission is currently funding a €3.5 million electoral assistance project, which will lead to the establishment of an electronic voter register. The OSCE-led rehabilitation programme in South Ossetia is on hold for the moment due to conflict in the area.

Other international organisations

Throughout 2008, the Commission also strengthened the political dialogue with the Commonwealth and the *Organisation Internationale de la Francophonie*. Joint activities were further pursued and preparations were made for future additional joint actions.

Coordination with international organisations and other donors is crucial and is in line with the EU's strong commitment towards the Paris Declaration on aid effectiveness. To this end, the Commission is engaged in and contributes technically and financially to several sectoral initiatives related, for example, to agriculture, rural development and livestock aimed at ensuring that the needs of the rural poor and those affected by high food prices are appropriately considered on international agendas. Mention should be made of the *Global Donor Platform for Rural Development (GDPRD)* and the big contribution it made to the Accra High-Level Forum in 2008.

Cooperation with other donors

Cooperation with other donors and new emerging partners in the field of development assistance was strengthened in 2008, resulting in joint conferences in the cases of Japan and South Korea, namely the fourth Tokyo International Conference on African Development in May in Yokohama, and a Senior Officials meeting and an international conference on official development assistance on 2-3 June 2008 in Seoul. As announced in last year's annual report, the EU formally proposed to work towards a trilateral dialogue and cooperation between Africa, China and the EU with the aim of reinforcing policy dialogue and cooperation in specific policy sectors through trilateral cooperation complementing the existing bilateral partnerships.

Based on the EU-Brazil strategic partnership agreed in 2007, a joint action plan was endorsed at the EU-Brazil summit in December 2008 which contains an important chapter on *Achieving the MDGs and promoting social cohesion and inclusion*. It foresees cooperation in the area of development both at a global and at a local level, the latter by means of cooperation in the fields of health, energy, agriculture, education and employment.

Other countries such as Israel and Egypt officially expressed their interest in working with the Commission in the field of development assistance. In these cases, exploratory talks on the content, geographical scope and modalities of such cooperation started in 2008 and are still ongoing.

The Commission has also been active in donors' cooperation in the area of training, especially within the Train4Dev network, to set up joint learning events. EuropeAid has chaired the network since May 2008 and has been particularly involved in working groups on sector-wide approaches and knowledge management.

5.6. Visibility and communication

The year 2008 witnessed continued efforts to communicate better, and give more visibility to, the results achieved through the Commission's external assistance instruments.

A key element in this strategy is the mainstreaming of communication into the entire project cycle. At the design stage, the communication needs of every project have to be assessed and appropriate financial and human resources have to be foreseen. At the implementation stage, a communication and visibility manual has been developed which defines how communication and visibility activities should be carried out by all implementing partners (including international organisations). Reporting and monitoring requirements have also been adapted. Finally, a training module on communication for project managers has been put in place in order to stimulate a communication culture both within the Commission and its Delegations and within its partners and beneficiaries.

As a direct consequence of these efforts, 2008 communication activities were already able to focus on results, frequently drawing on a stock of more than 200 results-oriented case studies that was created by staff at headquarters and in the Delegations. The major activity of the year was a youth campaign¹¹⁰ targeting 16-18 year-olds in six of the 12 Member States which have joined the EU since 2004, designed to show the positive role of the EU in fighting poverty.

Other activities included the fifth edition of 'Europe Day in school' which was an opportunity for over 400 schools and around 60 000 pupils to meet Commission staff and learn more about development projects. The *European Development Days 2008*, devoted to the role of local authorities and the local dimension of development provided another opportunity for debate. In Brussels, the External Cooperation Info Point received about 7 000 visitors and organised a variety of events, ranging from conferences and group visits to exhibitions.

The improvement of communication products continued with an enhanced website, a new photo library and additional publications including one on budget support. Relations with the media and stakeholders have been further developed.

6. ANNEXES

6.1. Introduction to financial tables

The Annual Report provides an overview of policies, objectives and achievements in 2008. The tables and graphs that follow present the main data on development

¹¹⁰ <http://www.ifightpoverty.eu/>

assistance in 2008 by country, region, or sector and per source of funding, such as the different instruments of EU external assistance.

Regarding the external assistance of the European Union, the geographical cooperation for sub-Saharan Africa, the Caribbean and the Pacific regions (ACP), is based on the framework of the Partnership Agreement with the ACP signatory states and is mainly financed, South Africa excepted, from the European Development Fund (EDF), i.e. outside the EU budget. External assistance for other geographic areas and the thematic programmes with world-wide coverage are financed from the general budget of the European Community.

Data for 2008 again show an improvement of overall Official Development Assistance (ODA) levels.

Figure 6.1 shows the importance of external assistance in the overall expenditure of the European Commission. Defined as the resources used to foster programmes and projects outside the European Union, EA accounted for 9% of the total allocation in 2008 (General EC Budget and EDF).

The sources of External Assistance are the General Budget of the EC and the European Development Fund. A global overview of the share of resources is given in **Figure 6.2**. A detailed breakdown of the budget by policy areas that contribute to this external assistance effort can be found in **Table 6.3**. A similar breakdown for the EDF is presented in **Table 6.4**.

The concept of ODA used throughout the tables and figures is that defined by the OECD's Development Assistance Committee via its directives and reported by the EC. Not all EC external assistance can be reported as ODA. Whether an action, programme or project is classified as ODA or not depends on the recipient country and the purpose and content of the aid.

Figure 6.5 shows the share of the EC's external assistance classified as ODA. In all, 94% of the total resources of EC external assistance committed in 2008 are considered reportable as ODA, indicating an increased focus on development in external financial allocations.

Graphs 6.6 and **6.7** show the evolution over time, from 2001 to 2008, of external assistance and ODA. **Figure 6.6** shows the evolution of the main sources of funding: external assistance from the EC Budget and EDF, indicating the share managed by EuropeAid. **Figure 6.7** shows the evolution of the sector breakdown of ODA. The increase from 2007 (+20 %) is largely due to the launch of 10th EDF (mainly budget support) and to an increase in humanitarian aid (ECHO).

Turning to beneficiary countries and regions, **Figure 6.8** and **Table 6.9** present the breakdown per region and per country. For this breakdown, it is necessary to differentiate between bilateral and multilateral aid. Bilateral aid, as defined by the Development Assistance Committee, is direct cooperation by the Commission with a country (or region) where the Commission controls the activities and knows how, when and where the resources are being spent. Multilateral aid comprises direct contributions to the core funding of multilateral agencies, who report back to the Commission at a later stage about the expenditure.

Figure 6.8 provides a breakdown of EC ODA per region. Africa continues to top the list (45% of ODA). Overall, sub-Saharan Africa received 40% of total ODA in 2008 due to the large volume committed under the 10th EDF.

A more detailed breakdown, per country and region, in line with the OECD/DAC recipient list, is presented in **Table 6.10**. Leaving aside regional programmes and programmes for the Least Developed Countries, the top ten ODA countries in 2008 were Turkey, Serbia, Mozambique, occupied Palestinian territory, Zambia, Burkina Faso, Ethiopia, Mali, Madagascar and Uganda.

The 2008 report provides an additional table (**Table 6.11**) focusing on ODA recipients classified under the four UN/OECD categories based on GNI. The table monitors disbursements in 2008 by DAC recipient and by main OECD sectors. A new indicator shows ODA disbursement per capita.

It is also important to identify the main sectors of activities that receive support. **Fig 6.12** shows this breakdown of EC ODA per main sector as defined by the DAC.

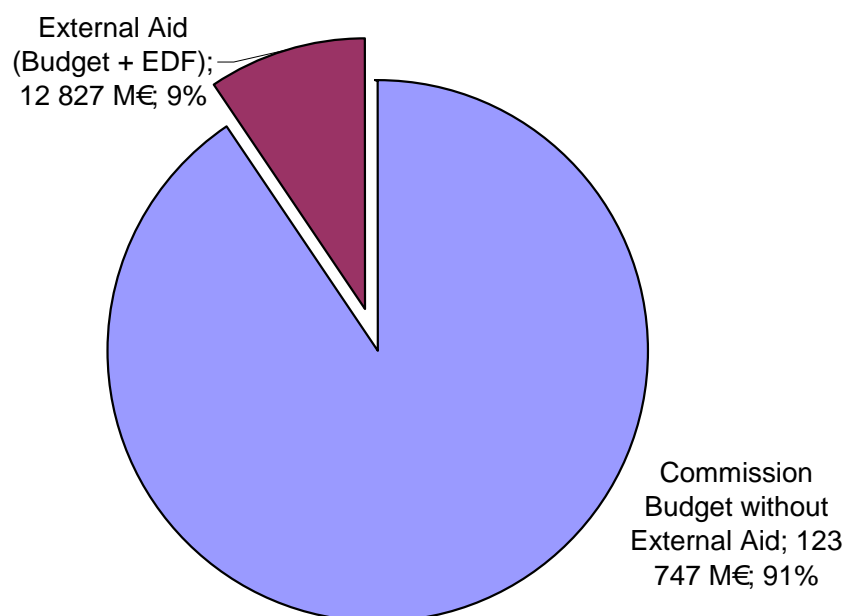
A more detailed sector breakdown of ODA is provided in **Table 6.13** for commitments and in **Table 6.14** for payments.

Table 6.15 gives an overview of the ODA managed by EuropeAid, with a breakdown per sector and region. In this table, the definition of region reflects the country groupings used in the EC instruments and corresponding budget structure.

Finally, **Table 6.16** shows the sector breakdown of ODA per EC External Assistance Instrument and sub-component within the instruments, with the associated **Graph 6.17** providing a closer look.

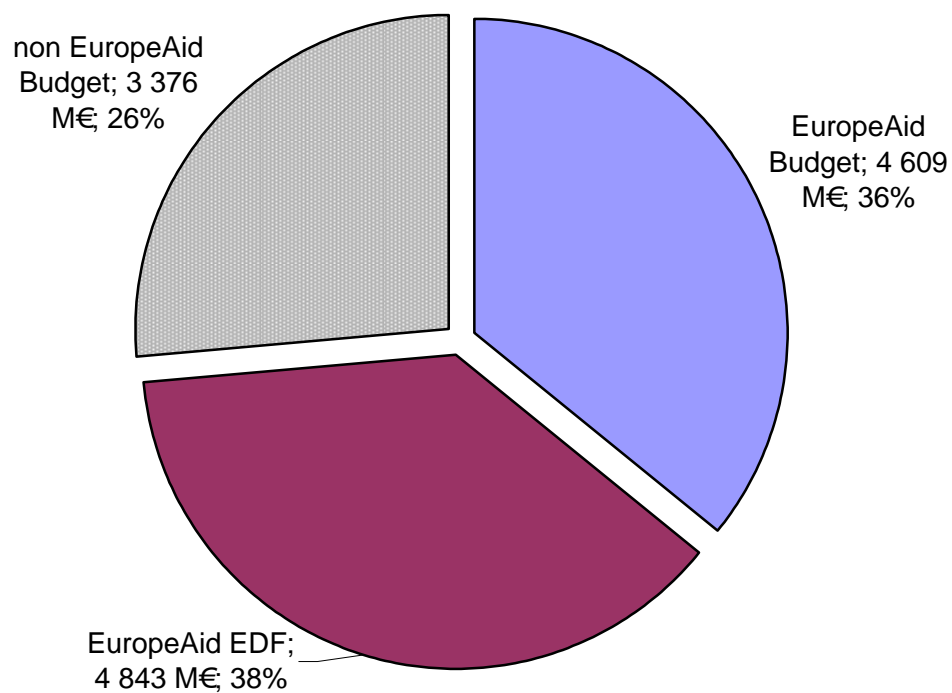
6.2. Financial tables

Fig 6.1 Percentage of Commission Budget committed on External Assistance in 2008



Commitments (€Million)	
Commission Budget without External Aid	123 747 M€
External Aid (Budget + EDF)	12 827 M€
Commission Budget + EDF	136 574 M€

Fig.6.2 Sources of External Assistance in 2008



Commitments (€Million)

EuropeAid Budget	4 609 M€
EuropeAid EDF	4 843 M€
non EuropeAid Budget	3 376 M€
External Aid (Budget + EDF)	12 827 M€

Fig.6.3 General Commission Budget for External Assistance in 2008

Heading / Policy Area	Description	Total		Managed by EuropeAid		Managed by other DGs		of which ODA	
		Commit.	Payments	Commit.	Payments	Commit.	Payments	Commit.	Payments
4 01 - ECFIN	Macroeconomic assistance + EBRD	17.64	42.45			17.64	42.45	17.54	40.43
4 04 - EMPL	Instrument for Preaccession (IPA) — Human resources development	71.60				71.60		71.60	
4 05 - AGRI	The Sapard pre-accession instrument — Completion of the programme (2000 to 2006)	139.51	150.44			139.51	150.44	133.60	2.06
4 06 - ENERGY	Completion of Intelligent energy — Europe programme (2003 to 2006): external strand — Coopener		4.47				4.47		3.32
4 07 - ENV	LIFE (European Financial Instrument for the Environment)	3.30	6.42			3.30	6.42	2.90	4.43
1 08 - RTD	Combating major diseases + Specific measures in support of international cooperation		186.02				186.02		49.87
2 11 - FISH	International fisheries agreements	174.20	169.28			174.20	169.28	0.95	0.84
4 13 - REGIO	Pre-accession IPA and former ISPA	282.09	582.08			282.09	582.08	282.09	50.59
4 14 - TAXUD	Customs cooperation and international assistance		0.28				0.28		
4 15 - EAC	Education	22.87	20.90			22.87	20.90	17.98	18.28
4 17 - SANCO	International agreements and membership of international organisations	0.35	0.44			0.35	0.44		
4 19 - RELEX	Multilateral relations, cooperation in the areas of migration and asylum, and general external relations matters	52.15	54.16	52.15	54.16			49.84	49.79
4	Common foreign and security policy	289.15	194.82			289.15	194.82	271.62	151.91
4	European initiative for democracy and human rights (EIDHR)	142.84	112.16	142.84	112.16			142.84	106.94
4	Relations and cooperation with industrialised non-member countries	24.86	15.93			24.86	15.93		
4	Crisis response and global threats to security	246.91	202.61	109.05	109.22	137.86	93.39	196.62	165.47
4	European Neighbourhood Policy and relations with Russia	1 735.32	1 493.70	1 735.32	1 493.70			1 599.33	1 370.16
4	Relations with Latin America	347.83	310.09	347.83	310.09			347.83	310.09
4	Relations with Asia, Central Asia and East of Jordan countries (1)	839.54	672.60	839.54	672.60			827.54	668.75
4	Policy strategy and coordination for External relations policy area	24.62	21.71	15.13	12.46	9.49	9.25	22.38	19.20
4 20 - TRADE	External trade relations	12.16	12.69			12.16	12.69	5.77	6.94
4 21 - DEV	Food security	216.96	258.21	216.96	258.21			216.96	258.21
4	Non-State actors in development	215.31	173.53	215.31	173.53			215.08	171.57
4	Environment and sustainable management of natural resources, including energy	100.98	77.37	100.98	77.37			100.53	76.02
4	Human and social development	154.30	126.75	154.30	126.75			154.30	126.45
4	Geographical cooperation with ACP Countries	326.96	228.16	326.96	228.16			326.96	228.16
4	Other cooperation actions and ad-hoc programmes	29.77	24.06	27.08	21.67	2.69	2.39	2.76	2.46
4	Policy strategy and coordination for Development and relations with ACP States policy area	18.47	13.19	9.58	6.65	8.89	6.54	18.29	12.03
4 22 - ELARG	Management of the Instrument for Pre-Accession	1 063.02	1 399.62			1 063.02	1 399.62	1 059.81	810.41
4	Information and communication strategy	12.33	9.06			12.33	9.06	12.33	4.95
4 23 - ECHO	Humanitarian aid including aid to uprooted people, food aid and disaster preparedness	928.83	868.80			928.83	868.80	919.53	854.26
4+5	Administrative expenditure of External assistance (2)	490.52	462.62	315.51	299.23	175.01	163.39	469.23	442.29
TOTAL		7 984.40	7 894.62	4 608.52	3 955.96	3 375.87	3 938.66	7 486.21	6 005.87

(1) Non-ODA projects related to preparatory action on business and scientific exchanges. (12 million Euro)

(2) Includes administrative cost of EDF management charged to heading 5.

Total ODA (Budget + EDF) administrative cost (from headings 4 & 5 and EDF adm. envelope) shown in tables 6.13 & 6.14

Breakdown by budget line of external aid financed on the General Commission Budget in 2008. (Amount in € million)

Fig.6.4 European Development Fund (EDF) in 2008

Instruments (1)	Of Which ODA			
	Commitments (2)	Payments (3)	Commitments (2)	Payments (3)
6th, 7th, 8th EDF				
National + regional indicative programmes (NIP/RIP)	-	257	-	257
Interest-rate Subsidies	-	2	-	2
Emergency Aid	-	-	-	-
Aid for Refugees	-	2	-	2
Risk Capital	-	17	-	17
Stabex	4	25	4	25
SYSMIN	-	7	-	7
Structural Adjustment Facility	-	0	-	0
Transferred Funds	-	-	-	-
Use of interests	-	-	-	-
Total	4	310	4	309
9th & 10th EDF & transitional measures				
Envelope A	4 080	1 861	4 063	1 853
Envelope B	-	225	-	223
Envelope B unforeseen	8	-	8	-
Regional Project	-	145	-	145
Cofinancement	2	-	2	-
Intra ACP Project	504	489	204	475
Implementation expenditure + Congo Rep. Dem.	244	84	244	84
Studies + tech. Assist. to Overseas Countries and Territories	-	1	-	1
Transferred Funds (6th EDF)	-	4	-	4
Transferred Funds (7th EDF)	-	77	-	77
Peace facility (Voluntary contributions)	-	0	-	-
Other	-	18	-	18
Total	4 839	2 905	4 521	2 880
Total EDF	4 843	3 215	4 525	3 189

Breakdown by instrument of development assistance financed on the European Development Fund (EDF) in 2008. (Amount in € million)

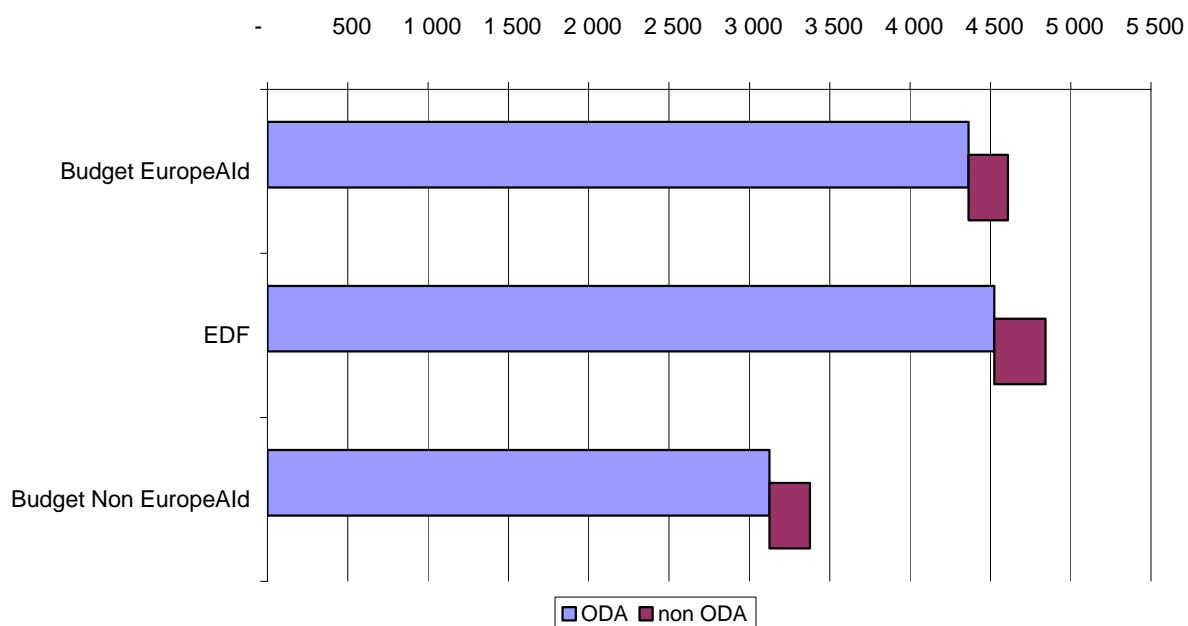
(1) Except The Investment Facility (10th EDF) managed by the EIB

(2) Commitments 2008 have been calculated following DAC procedures :

Total commitments made in 2008 reduced by decommitments made on projects committed in 2008

(3) Before recoveries

Fig.6.5 Proportion of External Assistance used for Official Development Aid (ODA)

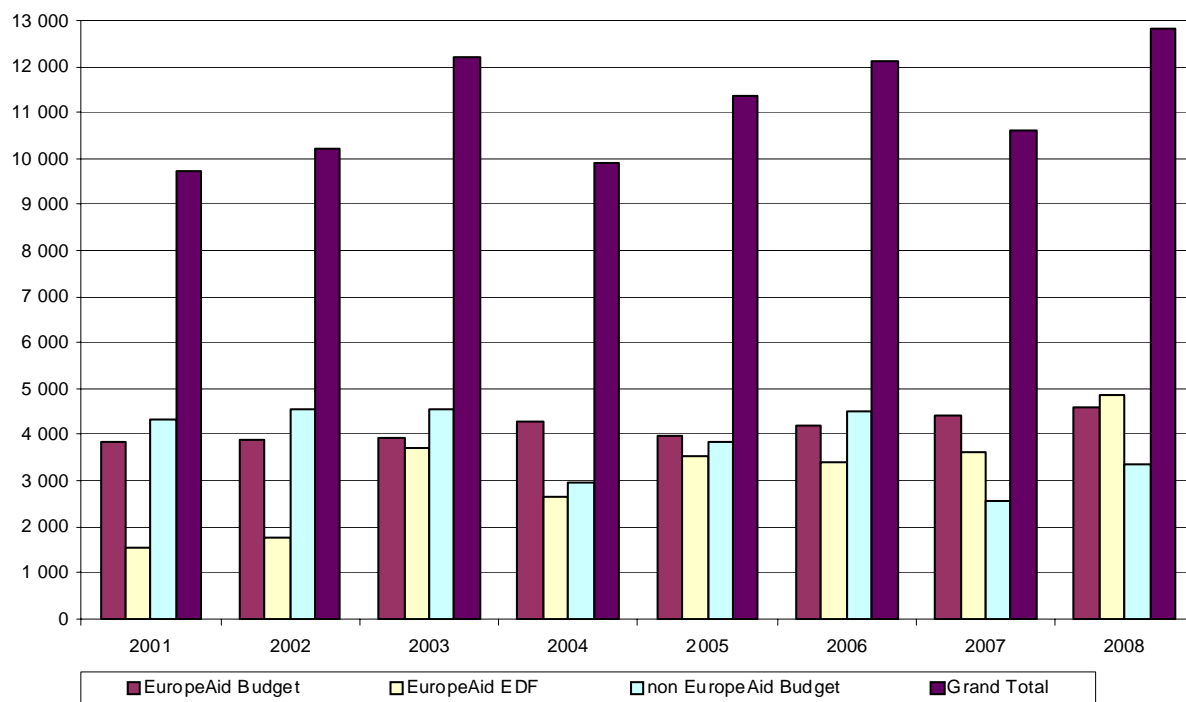


Commitments (€Million)

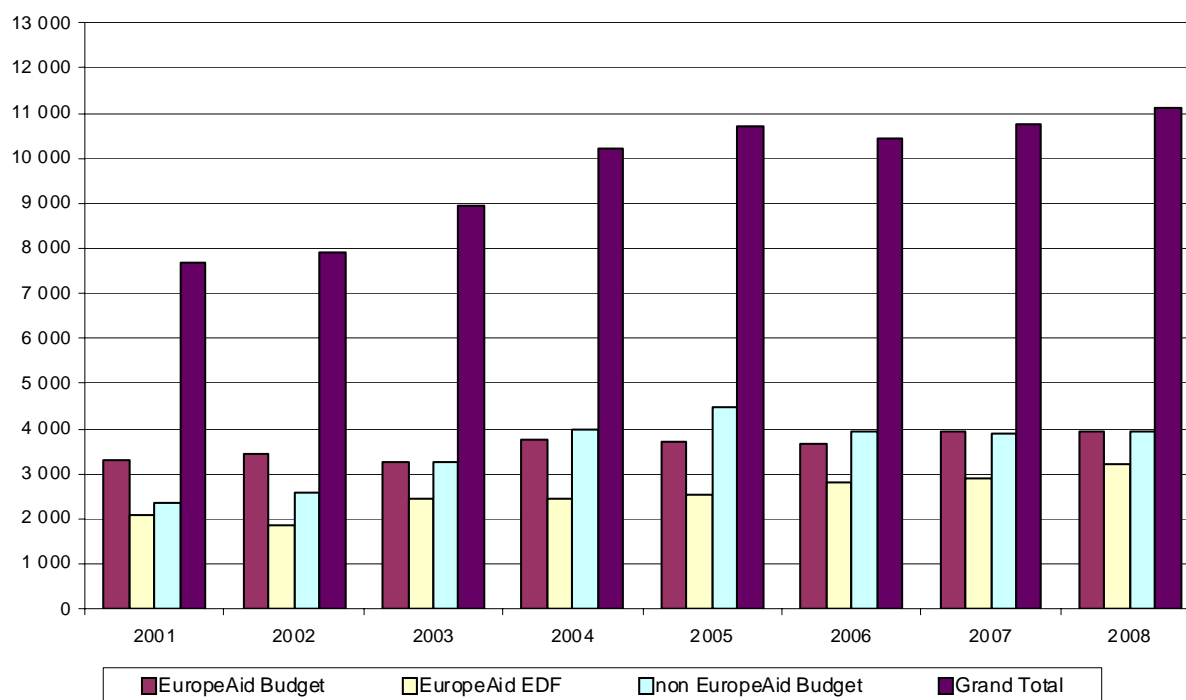
	ODA	non ODA	Total	
Budget EuropeAid	4 364	245	4 609	
EDF	4 525	318	4 843	Peace Facility 2008-2010 : €300 million
Budget Non EuropeAid	3 125	251	3 376	
Total	12 014	813	12 827	94% ODA

Fig.6.6 2001-2008 External Assistance

Commitments (€ million)



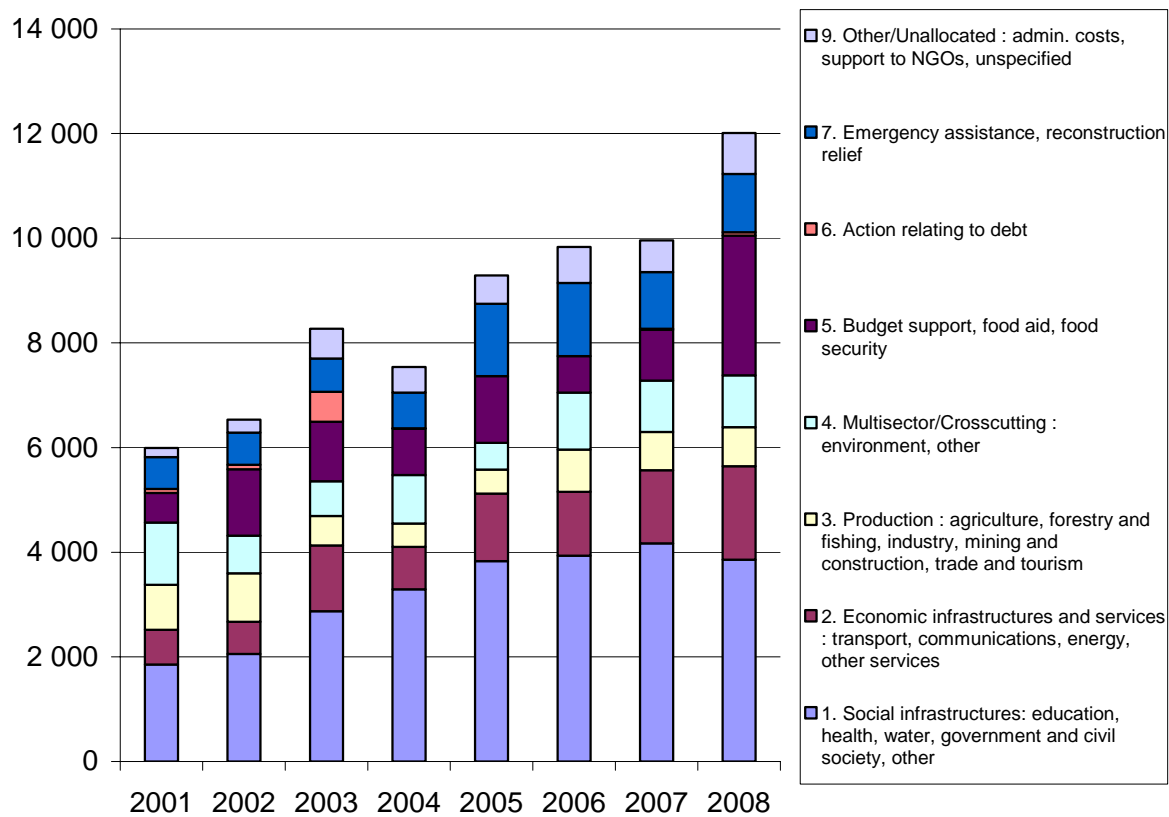
Payments (€ million)



External aid financed on the General Commission Budget and the European Development Fund (EDF) managed by EuropeAid.
Bilateral and Multilateral ODA / Other flows.

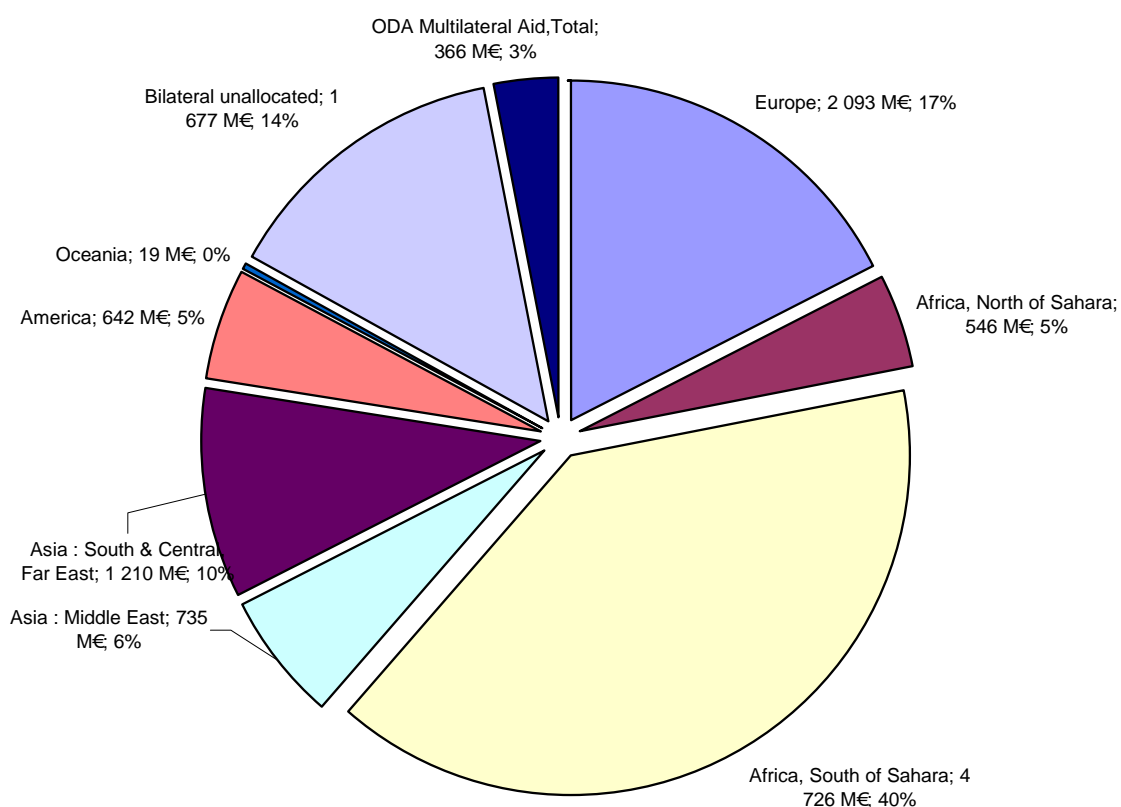
Fig.6.7 Sectoral breakdown of Official Development Assistance (ODA) 2001 - 2008

Commitments (€million)



Bilateral and Multilateral ODA flows.

Fig.6.8 Regional distribution of aid to developing countries (ODA) in 2008



Commitments (€ Million)

(€ Million) Region (1)	Grand total		Managed by EuropeAid		Managed by Other DGs	
	Commitments	Payments	Commitments	Payments	Commitments	Payments
Europe	2 093	1 242	371	281	1 722	961
Africa, North of Sahara	546	570	540	555	6	14
Africa, South of Sahara	4 726	3 434	4 201	2 929	525	505
Asia : Middle East	735	709	565	541	170	168
Asia : South & Central, Far East	1 210	1 141	900	855	311	286
America	642	769	575	710	67	59
Oceania	19	65	18	65	0	1
Bilateral unallocated	1 677	1 025	1 355	758	322	267
ODA Multilateral Aid, Total	366	239	363	235	1	3
TOTAL ODA	12 014	9 194	8 889	6 930	3 124	2 264

(1) Following OECD region.

Cfr table "Country breakdown of EC Development Aid in 2008".

Fig.6.9 Regional distribution of aid to developing countries (ODA) 2004-2008

Commitments (€million)

	2004	2005	2006	2007	2008
Europe	996	1 144	1 532	1 565	2 093
Africa	2 910	4 143	3 806	3 687	5 272
North Of Sahara	480	503	543	521	546
South Of Sahara	2 428	3 640	2 867	3 113	4 726
Regional	2	1	396	53	-
America	609	605	759	820	642
North & Central	317	331	505	387	329
South	230	211	214	334	312
Regional	63	62	40	100	2
Asia	1 357	1 641	1 852	1 728	1 946
Middle East	398	420	587	743	735
South & Central	517	858	831	739	886
Far East	391	214	347	164	233
Regional	52	149	88	81	91
Oceania	52	87	32	141	19
Bilateral unallocated	1 172	1 189	1 245	1 586	1 677
ODA Multilateral Aid, Total	441	479	605	431	366
TOTAL ODA	7 538	9 287	9 832	9 959	12 014

Payments (€million)

	2004	2005	2006	2007	2008
Europe	733	780	1 069	1 062	1 242
Africa	2 916	3 161	3 341	3 779	4 003
North Of Sahara	558	559	658	692	570
South Of Sahara	2 357	2 602	2 683	3 024	3 433
Regional	2	0	0	63	1
America	535	645	666	776	769
North & Central	308	305	365	454	415
South	152	233	246	275	314
Regional	75	107	56	47	40
Asia	1 302	1 484	1 596	1 496	1 850
Middle East	511	420	494	574	709
South & Central	526	661	699	604	858
Far East	210	257	295	263	250
Regional	55	147	108	55	33
Oceania	54	73	64	52	65
Bilateral unallocated	876	846	790	856	1 025
ODA Multilateral Aid, Total	510	508	602	472	239
TOTAL ODA	6 926	7 497	8 130	8 493	9 194

Bilateral and Multilateral ODA flows.

(1) Following OECD region.

Cfr table "Country breakdown of EC Development Aid in 2008".

Fig.6.10 Country breakdown of EC Development Aid in 2008

(€ Million)

Country/Region	Total		Managed by EuropeAid		Managed by Other DGs	
	Commitments	Payments	Commitments	Payments	Commitments	Payments
Part I : Developing Countries & Territories (ODA)						
Europe, Total	2 093.24	1 242.32	371.25	280.89	1 721.99	961.44
Albania	68.15	41.86		1.89	68.15	39.97
Belarus	10.78	12.05	10.78	12.05		
Bosnia-Herzegovina	86.90	59.52	0.00	4.68	86.90	54.84
Croatia	166.85	125.57		0.40	166.85	125.18
Macedonia (fYRoM)	69.73	31.68		2.08	69.73	29.60
Moldova	67.44	56.76	65.30	29.93	2.13	26.83
Montenegro	30.05	6.58		0.00	30.05	6.58
Serbia (Kosovo incl.)	509.93	221.17		2.25	509.93	218.92
Turkey	560.55	301.22	0.15	1.00	560.40	300.22
Ukraine	172.53	155.67	172.16	155.24	0.38	0.44
States of ex-Yugoslavia unspecif.	0.30	16.01		1.81	0.30	14.20
Europe, Regional	350.03	214.23	122.86	69.56	227.17	144.67
Africa, Total	5 272.06	4 003.45	4 741.14	3 484.55	530.92	518.89
North Of Sahara, Total	546.29	569.51	540.04	555.38	6.25	14.13
Algeria	37.51	61.09	32.50	47.95	5.01	13.13
Egypt	152.54	141.18	152.50	140.71	0.04	0.47
Libya	8.20	2.97	7.20	2.92	1.00	0.06
Morocco	230.21	228.40	230.16	228.12	0.05	0.28
Tunisia	74.87	57.51	74.73	57.36	0.13	0.16
North Of Sahara, Regional	42.96	78.36	42.95	78.33	0.01	0.03
South Of Sahara, Total	4 725.77	3 433.13	4 201.10	2 928.36	524.67	504.77
Angola	37.01	34.24	37.00	34.23	0.01	0.01
Benin	140.91	88.48	140.90	88.47	0.00	0.00
Botswana	0.01	21.20		21.06	0.01	0.14
Burkina Faso	340.02	103.76	337.94	97.90	2.07	5.86
Burundi	63.22	58.68	51.53	43.58	11.69	15.10
Cameroon	121.13	48.52	119.11	46.90	2.02	1.62
Cape Verde	19.60	19.37	19.60	19.37	0.00	0.00
Central African Rep.	42.11	29.02	28.00	24.29	14.11	4.73
Chad	67.38	102.64	46.00	70.01	21.38	32.64
Comoros	3.84	6.84	3.40	6.60	0.43	0.24
Congo, Dem. Rep.	98.65	155.47	30.00	92.91	68.65	62.56
Congo, Rep.	18.32	32.74	18.30	32.72	0.02	0.01
Cote d'Ivoire	47.67	100.89	47.65	100.18	0.02	0.71
Djibouti	8.00	7.97	1.30	6.16	6.70	1.81
Equatorial Guinea	1.30	3.68		2.36	1.30	1.33
Eritrea	4.01	12.07		7.92	4.01	4.15
Ethiopia	337.43	314.30	305.26	271.02	32.17	43.28
Gabon	1.21	9.91	1.20	9.87	0.01	0.04
Gambia	3.55	6.86	3.54	6.86	0.01	
Ghana	251.02	82.15	251.00	82.09	0.02	0.06
Guinea		25.35		25.35		
Guinea-Bissau	29.14	33.53	22.98	30.14	6.16	3.40
Kenya	19.52	64.85		35.43	19.52	29.42
Lesotho	28.00	18.02	28.00	17.61	0.00	0.41
Liberia	28.25	33.69	11.65	16.76	16.60	16.93
Madagascar	303.80	98.00	300.33	93.45	3.48	4.55
Malawi	95.67	96.81	94.95	96.42	0.72	0.39
Mali	320.36	103.54	320.30	102.23	0.06	1.31
Mauritania	0.03	31.38	0.02	31.09	0.01	0.29
Mauritius	32.35	65.91	32.32	65.89	0.02	0.02
Mayotte		0.56		0.56		
Mozambique	417.88	113.48	416.00	111.51	1.88	1.97
Namibia	10.01	18.44	9.65	17.43	0.36	1.00
Niger	212.11	106.00	210.00	99.62	2.11	6.38
Nigeria	1.19	63.47	1.12	62.28	0.07	1.19
Rwanda	177.48	73.29	177.24	73.06	0.24	0.22
St. Helena		6.87		6.87		
Sao Tome & Principe	1.50	2.86	1.50	2.86		0.00
Senegal	137.04	99.09	136.95	97.94	0.09	1.15
Seychelles	0.25	0.51	0.25	0.51		
Sierra Leone	72.68	30.62	70.17	28.26	2.51	2.36
Somalia	131.33	96.55	88.09	59.44	43.24	37.11
South Africa	145.06	113.72	145.00	113.60	0.06	0.11
Sudan	159.32	192.63	1.94	37.90	157.38	154.72
Swaziland	20.50	9.49	20.50	9.21	0.00	0.27

Tanzania	26.24	133.72	14.02	121.62	12.21	12.09
Togo	22.77	27.05	22.76	26.46	0.02	0.60
Uganda	280.18	179.49	251.00	149.14	29.17	30.35
Zambia	346.01	94.25	346.00	93.15	0.01	1.10
Zimbabwe	22.69	43.94	0.12	24.65	22.57	19.29
South Of Sahara, Regional	78.05	217.22	36.50	213.39	41.55	3.82
Africa, Regional		0.81		0.81		
America, Total	641.85	768.87	574.72	710.29	67.13	58.58
North & Central, Total	328.75	414.71	288.91	383.69	39.84	31.02
Anguilla		2.40		2.40		
Antigua & Barbuda		1.69		1.69		
Barbados	10.14	3.67	10.13	3.65	0.01	0.01
Belize	11.04	8.95	11.04	8.95		
Costa Rica	4.67	4.06	4.50	3.93	0.17	0.14
Cuba	0.03	1.81	0.02	0.19	0.01	1.62
Dominica	4.18	12.97	4.18	12.97		
Dominican Republic	9.69	42.28	9.30	40.53	0.39	1.76
El Salvador	2.12	19.70		18.12	2.12	1.58
Grenada	1.62	6.68	1.51	6.57	0.11	0.11
Guatemala	8.14	27.07	5.30	24.68	2.84	2.39
Haiti	44.12	81.46	30.00	66.40	14.12	15.06
Honduras	69.09	16.48	65.50	13.13	3.59	3.35
Jamaica	96.12	57.97	96.10	57.85	0.01	0.11
Mexico	4.97	15.05	4.90	14.99	0.07	0.06
Montserrat		1.07		1.07		
Nicaragua	10.19	24.12		20.61	10.19	3.51
Panama	0.15	1.97		1.72	0.15	0.25
St.Kitts-Nevis	9.43	6.98	9.43	6.98		
St.Lucia	6.61	10.38	6.61	10.38		
St.Vincent & Grenadines	4.41	9.20	4.41	9.20		
Trinidad & Tobago	10.98	3.36	10.97	3.34	0.00	0.01
West Indies, Regional		4.26		4.26		
N. & C. America, Regional	21.05	51.13	15.00	50.08	6.05	1.05
South, Total	311.60	314.03	284.31	286.47	27.29	27.56
Argentina	2.12	11.51	2.10	11.49	0.02	0.02
Bolivia	22.13	30.36	19.00	26.73	3.13	3.63
Brazil	18.72	33.66	18.61	33.54	0.11	0.11
Chile	0.02	4.48		4.46	0.02	0.02
Colombia	48.05	39.55	35.40	27.64	12.65	11.90
Ecuador	34.41	28.02	32.30	24.98	2.11	3.03
Guyana	28.38	37.71	28.37	37.70	0.01	0.00
Paraguay	61.52	12.15	60.00	10.72	1.52	1.42
Peru	6.66	36.35	0.00	29.86	6.66	6.50
Suriname	3.51	17.13	3.51	16.78	0.00	0.35
Uruguay	0.03	7.85		7.81	0.03	0.04
Venezuela	3.33	4.72	3.30	4.20	0.03	0.52
South America, Regional	82.72	50.55	81.72	50.55	1.00	
America, Regional	1.50	40.12	1.50	40.12		

Asia, Total	1 945.52	1 850.06	1 465.00	1 395.82	480.51	454.23
Middle East, Total	735.17	709.29	565.45	540.97	169.71	168.32
Bahrain						
Iran	8.25	1.22		0.62	8.25	0.60
Iraq	106.30	26.35	72.60	5.04	33.70	21.31
Jordan	69.80	73.90	66.00	66.72	3.80	7.18
Lebanon	84.80	90.31	50.00	46.57	34.80	43.73
Oman						
Palestinian Admin. Areas	397.97	459.73	321.00	376.97	76.97	82.76
Syria	28.78	37.04	20.00	26.46	8.78	10.58
Yemen	26.96	12.27	24.85	10.77	2.11	1.51
Middle East, Regional	12.31	8.48	11.01	7.82	1.30	0.65
South & Centr. Asia, Total	886.36	857.77	609.92	611.65	276.44	246.12
Afghanistan	214.49	242.18	149.00	150.25	65.49	91.93
Armenia	29.54	11.33	29.50	10.58	0.04	0.75
Azerbaijan	23.10	9.02	22.00	7.81	1.10	1.21
Bangladesh	79.19	134.83	46.01	106.02	33.18	28.81
Bhutan		5.47		5.42		0.05
Georgia	154.92	78.63	92.10	39.81	62.82	38.81
India	110.88	79.80	100.12	64.08	10.76	15.72
Kazakhstan	0.62	11.26		10.80	0.62	0.46
Kyrgyz Rep.	22.19	23.19	17.00	21.15	5.19	2.04
Maldives		0.80		0.80		
Myanmar (Burma)	41.04	40.52	2.00	17.08	39.04	23.44
Nepal	14.46	32.00		21.83	14.46	10.17
Pakistan	65.60	43.45	55.85	40.28	9.76	3.17
Sri Lanka	71.33	77.37	48.00	56.52	23.33	20.85
Tajikistan	13.53	21.59	9.00	16.83	4.53	4.76
Turkmenistan	4.54	2.46	4.15	2.10	0.39	0.36
Uzbekistan	4.92	7.35	4.20	6.74	0.72	0.61
Central Asia, Regional	33.79	24.35	29.01	21.52	4.78	2.83
South Asia, Regional	2.21	12.19	1.99	12.04	0.22	0.15
South & Central Asia, Regional						
Far East, Total	233.02	250.17	198.77	210.80	34.26	39.36
Cambodia	13.75	25.97	11.70	24.23	2.05	1.75
China	77.47	45.28	75.10	43.02	2.37	2.26
Indonesia	27.13	37.82	20.00	32.19	7.13	5.63
Korea, Dem.	10.07	12.62	10.07	10.77		1.85
Laos	19.70	12.98	18.60	12.05	1.10	0.93
Malaysia	0.02	0.29		0.29	0.02	0.00
Mongolia		7.35		7.35		
Philippines	12.60	21.33	3.00	14.60	9.60	6.73
Thailand	0.16	18.88		8.90	0.16	9.99
Timor-Leste	8.85	18.98	1.50	13.10	7.35	5.87
Viet Nam	63.27	47.29	58.79	43.27	4.48	4.02
Far East Asia, Regional		1.37		1.04		0.33
Asia, Regional	90.97	32.83	90.86	32.40	0.11	0.43

Oceania, Total	18.80	65.24	18.41	64.58	0.38	0.66
Cook Islands	0.45	0.04	0.45	0.04		
Fiji	8.02	4.18	8.00	4.09	0.02	0.08
Kiribati	0.91	4.31	0.91	4.31		
Marshall Islands	0.50	1.18	0.50	1.18		
Micronesia, Fed. Sts.	0.74	2.97	0.63	2.87	0.11	0.10
Nauru	0.20	1.05	0.20	1.05		
Niue		1.11		1.11		
Palau	0.25	0.89	0.25	0.89		
Papua New Guinea	4.53	17.64	4.52	17.63	0.02	0.01
Samoa	0.95	7.09	0.95	7.09		
Solomon Islands	0.00	4.99	0.00	4.64		0.34
Tokelau						
Tonga	0.00	0.56	0.00	0.56		
Tuvalu	0.60	0.22	0.60	0.22		
Vanuatu	1.42	2.84	1.40	2.82	0.02	0.02
Wallis & Futuna		0.50		0.50		
Oceania, Regional	0.22	15.67		15.58	0.22	0.09
Bilateral unallocated	1 676.72	1 025.35	1 354.83	758.05	321.90	267.31
Part I (ODA) Bilateral, Total	11 648.19	8 955.28	8 525.35	6 694.17	3 122.84	2 261.11
Public Private Partnerships						
United Nations	67.76	71.28	66.26	68.49	1.50	2.79
UNRWA	66.00	66.00	66.00	66.00		
UNDP		1.40				1.40
WFP						
WHO						
FAO	1.01	0.91	0.26	0.26	0.75	0.65
World Bank Group		11.00		11.00		
World Trade Organisation	1.00	0.95			1.00	0.95
Regional Development Banks						
Other Multilateral Institutions	297.00	155.86	297.00	155.86		
GFTAM	200.00	88.00	200.00	88.00		
Others						
Part I (ODA) Multilateral Aid, Total	365.76	239.09	363.26	235.34	1.50	2.79
Part I (ODA), Total	12 013.95	9 194.37	8 888.62	6 929.51	3 124.34	2 263.91

Part II: Countries and Territories in Transition (non ODA)

More Advanced Developing Countries	28.68	151.58	2.00	3.14	26.68	148.44
Aruba						
Bahamas		0.08				0.08
Bermuda						
Brunei						
Cayman Islands						
Chinese Taipei (Taiwan)						
Falkland Islands						
French Polynesia						
Gibraltar						
Hong Kong, China						
Israel	2.05	4.32	2.00	3.14	0.05	1.18
Korea	0.03	0.85			0.03	0.85
Kuwait		0.16				0.16
Macao		0.09				0.09
Netherlands Antilles						
New Caledonia						
Northern Marianas						
Qatar		0.16				0.16
Saudi Arabia	0.02	0.18			0.02	0.18
Singapore	0.59	0.50			0.59	0.50
Turks & Caicos Islands		0.08				0.08
United Arab Emirates		0.17				0.17
Virgin Islands (UK)						
MADCT Unallocated	25.99	144.98			25.99	144.98
CEEC's/NIS	232.05	1 508.27	131.52	151.13	100.54	1 357.14
Bulgaria	6.59	201.44			6.59	201.44
Cyprus		24.38				24.38
Czech Republic	0.34	7.94		0.08	0.34	7.87
Estonia		4.72		0.00		4.72
Hungary	12.31	20.61		0.27	12.31	20.34
Latvia		6.08		0.17		5.92
Lithuania		42.90		0.12		42.78
Malta		5.38				5.38
Poland	0.99	142.56		0.43	0.99	142.13
Romania	7.31	755.00			7.31	755.00
Russia	42.34	144.87	32.60	126.21	9.75	18.66
Slovak Republic		16.96				16.96
Slovenia	4.79	4.01		0.00	4.79	4.01
CEECs Unallocated	42.15	113.35	30.61	22.95	11.53	90.40
CEECs/NIS Unallocated	115.24	18.05	68.30	0.91	46.94	17.14
Part II (Non-OA) Bilateral Aid, Total	260.74	1 659.85	133.52	154.27	127.22	1 505.58
EBRD						
Part II (non-ODA) Multilateral Aid, Total						
Part II (non-ODA), Total	260.74	1 659.85	133.52	154.27	127.22	1 505.58
Grand Total Part I & Part II	12 274.69	10 854.22	9 022.13	7 083.78	3 251.56	3 769.49

Breakdown by country/region of external aid financed on the General Commission Budget and the European Development Fund (EDF) in 2008.
Bilateral and Multilateral ODA / non-ODA flows.

Fig.6.11 ODA Recipient by main OECD sector in 2008

Disbursements (€million)

	ODA per Capita (Euro / Capita) (1)	Total	Social Infrastructures	Economic Infrastructures & Services	Production	Multisector / Crosscutting	Budget Support, Food Aid, Food Security	Action relating to debt	Humanitarian Aid	Other / Unallocated
Least Developed Countries (LDC)										
Afghanistan	9.66	242.18	72.86	0.25	3.87	3.83	6.08		155.28	0.01
Angola	2.13	34.24	26.70		1.89	0.14	4.48		1.03	0.01
Bangladesh	0.88	134.83	67.49	0.02	3.47	5.27	27.22		30.84	0.53
Benin	10.42	88.48	17.02	43.85	0.42	1.63	25.55			0.00
Bhutan	8.58	5.47	1.69		1.70	2.03			0.05	
Burkina Faso	7.45	103.76	13.28	14.76	9.77	0.96	59.65		5.29	0.04
Burundi	7.47	58.68	8.35	17.32	0.28	1.38	16.23		15.12	0.00
Cambodia	1.86	25.97	13.65	0.38	4.69	4.91	0.58		1.57	0.20
Central African Rep.	6.92	29.02	9.23	1.74	0.80	7.90	4.00		5.34	0.00
Chad	10.12	102.64	27.81	38.78	0.53	2.39	1.06		32.03	0.04
Comoros	8.57	6.84	6.58	0.01					0.24	
Congo, Dem. Rep.	2.65	155.47	49.19	32.34	6.34	13.63	0.29		53.69	0.00
Djibouti	9.91	7.97	2.65	1.52					3.80	
Equatorial Guinea	7.61	3.68	1.86		0.03	0.23			1.57	0.00
Eritrea	2.67	12.07	3.01	0.66	0.71		1.58		6.10	0.01
Ethiopia	3.98	314.30	94.55	125.04	2.24	0.49	47.93		43.74	0.32
Gambia	4.24	6.86	1.92	4.26	0.56	0.13				
Guinea	2.82	25.35	5.08	19.04	0.61	0.14			0.20	0.27
Guinea-Bissau	21.00	33.53	12.45	11.70	1.04	0.68	7.25		0.40	0.01
Haiti	8.76	81.46	10.34	10.42	2.65	1.77	5.24		51.01	0.04
Kiribati	46.84	4.31	3.76		0.00	0.55				
Laos	2.29	12.98	3.89		3.31	1.11	3.74		0.91	0.02
Lesotho	9.10	18.02	12.86	4.76					0.41	0.00
Liberia	9.79	33.69	6.57	2.61	0.53	1.67	4.02		18.29	
Madagascar	5.26	98.00	9.04	39.10	4.59	9.65	31.23		4.38	0.01
Malawi	7.32	96.81	17.33	19.73	10.46	8.07	40.84		0.38	0.01
Maldives	2.71	0.80	0.20			0.21			0.39	
Mali	8.92	103.54	33.19	39.35	9.26	3.49	16.94		1.20	0.11
Mauritania	10.59	31.38	4.60	25.41	0.86	0.23			0.28	0.01
Mozambique	5.53	113.48	24.03	18.68	16.53	0.72	49.88		3.63	0.01
Myanmar (Burma)	0.84	40.52	12.57		0.82	0.26	2.76		24.12	
Nepal	1.18	32.00	18.37	0.19	0.51	0.91			12.02	0.01
Niger	7.99	106.00	19.29	40.56	7.27	4.64	29.25		4.99	0.00
Rwanda	7.94	73.29	18.59	24.39	0.27	12.86	16.91		0.22	0.04
Samoa	38.55	7.09	6.48		0.04	0.57				
Sao Tome & Principe	18.73	2.86	0.39	2.47					0.00	
Senegal	8.42	99.09	28.53	34.17	11.88	14.06	9.30		1.14	0.01
Sierra Leone	5.48	30.62	11.58	8.14	1.02	0.81	7.94		1.13	0.00
Solomon Islands	10.56	4.99	1.84		0.29	2.71			0.14	0.00
Somalia	11.78	96.55	3.94		5.09	0.04	2.95		84.53	
Sudan	5.22	192.63	11.45	0.18	2.05		9.21		169.72	0.01
Tanzania	3.48	133.72	56.30	19.06	11.19	0.19	34.16		12.80	0.01
Timor-Leste	17.78	18.98	10.16	0.07		4.59	1.10		3.05	
Togo	4.34	27.05	12.42	0.18	4.63		4.14	5.00	0.56	0.12
Tuvalu	20.92	0.22	0.17						0.05	
Uganda	6.20	179.49	24.91	66.85	14.42	0.06	33.14		40.00	0.10
Vanuatu	13.19	2.84	1.63	0.07	0.28		0.83			0.02
Yemen	0.58	12.27	3.48	0.06	2.64		4.58		1.50	0.01
Zambia	8.21	94.25	9.26	34.30	15.47	4.12	28.57		2.53	0.02
Total Least Developed Countries	4.10	3 140.27	812.49	702.41	165.04	119.05	538.63	5.00	795.65	2.01
Other Low Income Countries (OLIC)										
Cote d'Ivoire	5.43	100.89	44.64	3.28	3.50	0.23			49.22	0.03
Ghana	3.65	82.15	25.67	25.43	8.97	2.02	20.00		0.02	0.04
Kenya	1.82	64.85	9.10	8.76	2.43	9.93	2.49		31.88	0.27
Korea, Dem.	0.53	12.62	0.75	0.03	0.16		9.76		1.85	0.07
Kyrgyz Rep.	4.46	23.19	5.00	5.54	2.52	0.96	8.16		1.00	
Nigeria	0.45	63.47	62.04		0.23				1.18	0.02
Pakistan	0.27	43.45	21.10	1.11	2.83	0.34			18.07	0.01
Papua New Guinea	2.91	17.64	8.32		9.05				0.25	0.01
Tajikistan	3.30	21.59	7.05	0.23	0.93	6.83	1.64		4.76	0.15
Uzbekistan	0.28	7.35	5.52	0.23	0.52	0.47			0.61	
Viet Nam	0.56	47.29	10.82	2.49	6.37	3.63	19.86		4.05	0.07
Zimbabwe	3.35	43.94	12.66	0.05	2.08	3.05	9.05		17.03	0.01
Total Other Low Income Countries	0.97	528.43	212.67	47.14	39.60	27.45	70.97		129.92	0.68

Lower Middle Income Countries (LMIC)									
Albania	13.27	41.86	25.47	2.85	9.43	3.26		0.40	0.45
Algeria	1.86	61.09	32.09	7.91	3.93	3.71		13.45	0.01
Armenia	3.75	11.33	8.97	1.65	0.07	0.32	0.30		0.02
Azerbaijan	1.08	9.02	4.88	1.14	1.20	0.52	0.08	1.21	
Bolivia	3.31	30.36	10.95	4.82	4.66	5.09	1.64	3.10	0.10
Bosnia-Herzegovina	15.20	59.52	48.22	3.54	3.66	1.03		1.95	1.12
Cameroon	2.73	48.52	8.41	27.21	6.18	5.11		1.61	0.01
Cape Verde	38.23	19.37	6.71	10.05	0.01	0.24	2.37		0.00
China	0.03	45.28	14.59	5.29	7.15	16.13		1.60	0.52
Colombia	0.88	39.55	16.87	0.02	2.06	2.63		17.92	0.04
Congo, Rep.	9.07	32.74	8.42	18.94	1.27	1.72	1.47	0.89	0.01
Cuba	0.16	1.81	0.00	0.00	0.04	0.12		1.61	0.03
Dominican Republic	4.47	42.28	13.66	13.55	6.41	1.79	2.10	4.74	0.04
Ecuador	2.14	28.02	17.51	0.09	1.03	6.11	0.13	3.03	0.12
Egypt	1.94	141.18	120.06	3.10	10.51	6.63			0.88
El Salvador	2.95	19.70	14.37	2.05	0.42	1.17	0.10	1.59	0.01
Georgia	17.58	78.63	53.69	0.47	0.61	3.03	3.00	17.76	0.06
Guatemala	2.13	27.07	13.56		3.37	6.91	0.86	2.30	0.07
Guyana	50.99	37.71	4.47		24.97	2.63	5.64		0.00
Honduras	2.41	16.48	5.64	1.23	0.55	2.24	1.48	5.32	0.02
India	0.07	79.80	50.25	0.12	2.56	9.60		15.52	1.76
Indonesia	0.17	37.82	14.86	0.28	3.55	1.42		17.57	0.14
Iran	0.02	1.22	0.62					0.60	0.00
Iraq	0.94	26.35	7.16					19.18	0.01
Jamaica	21.61	57.97	0.92	38.06	11.22	0.07	7.60	0.09	0.02
Jordan	13.33	73.90	53.29	6.58	4.70	2.33		6.95	0.04
Macedonia (fYRoM)	15.58	31.68	11.89	0.11	1.90	7.36			10.41
Marshall Islands	20.86	1.18		1.07		0.03		0.08	
Micronesia, Fed. Sts.	27.00	2.97		2.67	0.10	0.09		0.10	
Moldova	14.64	56.76	23.74	0.30	1.94	3.62	25.94	1.16	0.05
Mongolia	2.85	7.35	0.71	0.16	1.47	5.00			
Morocco	7.49	228.40	187.32	23.61	6.25	11.17			0.05
Namibia	9.13	18.44	8.19	0.33	0.18	8.73		1.00	0.00
Nicaragua	4.42	24.12	4.93	1.09	2.29	8.47	1.47	5.83	0.04
Niue	681.53	1.11		1.11					
Palestinian Admin. Areas	122.20	459.73	374.01	0.51	0.42	1.70	10.66	71.92	0.50
Paraguay	2.06	12.15	1.14		1.33	0.91	7.00	1.40	0.37
Peru	1.33	36.35	8.59	17.92	3.46	1.01	0.08	5.00	0.30
Philippines	0.25	21.33	8.89		2.11	0.83		9.37	0.13
Sri Lanka	4.05	77.37	6.64	5.30	1.06	0.91		63.43	0.04
Swaziland	8.44	9.49	5.00		4.17	0.03		0.27	0.00
Syria	1.96	37.04	19.76	1.93	4.43	0.33		10.54	0.04
Thailand	0.30	18.88	7.48	0.30	1.42	0.52		9.06	0.11
Tokelau	-								
Tonga	5.62	0.56	0.48					0.08	
Tunisia	5.69	57.51	44.08	1.14	10.47	1.61	0.20		0.02
Turkmenistan	0.51	2.46	1.66	0.15		0.29		0.36	
Ukraine	3.32	155.67	67.99	64.02	12.39	10.52			0.75
Wallis & Futuna	33.45	0.50				0.50			
Total Lower Middle Income Countries	0.69	2 329.61	1 338.15	270.64	164.98	147.43	72.10	318.00	18.31

Upper Middle Income Countries (UMIC)										
Anguilla	195.82	2.40		2.40						
Antigua & Barbuda	20.33	1.69	1.69							
Argentina	0.30	11.51	7.13		4.36					0.02
Barbados	12.55	3.67	3.65							0.01
Belarus	1.23	12.05	10.15	0.54	0.23	0.66			0.46	
Belize	32.50	8.95	0.39	0.68	7.60	0.22			0.06	
Botswana	11.55	21.20	15.36		4.81	0.89			0.13	0.01
Brazil	0.18	33.66	14.02		17.11	2.31				0.21
Chile	0.27	4.48	3.07	0.28		0.95				0.18
Cook Islands	2.83	0.04	0.01						0.03	
Costa Rica	0.94	4.06	2.05			1.88			0.13	0.01
Croatia	27.59	125.57	46.43	32.97	2.41	42.90				0.86
Dominica	191.28	12.97	0.77	3.16	4.40		4.64			
Fiji	5.04	4.18	3.14		0.82	0.21				0.01
Gabon	7.68	9.91	2.27	1.01	5.89	0.73				0.01
Grenada	63.46	6.68	1.70		0.87		4.00		0.11	
Kazakhstan	0.74	11.26	8.57	0.44	1.71				0.34	0.20
Lebanon	22.52	90.31	39.04		7.86	0.93	15.00		27.38	0.09
Libya	0.50	2.97	2.93			0.05				
Malaysia	0.01	0.29	0.08	0.13		0.08				0.00
Mauritius	53.10	65.91	9.59		4.50		51.80			0.02
Mayotte	0.00	0.56	0.56		0.00					
Mexico	0.14	15.05	4.19		4.18	6.40			0.22	0.06
Montenegro	10.83	6.58	0.47	0.02		5.09				1.00
Montserrat	190.45	1.07		0.31		0.76				
Nauru	104.00	1.05		1.01					0.04	
Oman	-									
Palau	44.18	0.89		0.84					0.04	
Panama	0.61	1.97	1.67						0.25	0.05
Serbia (Kosovo incl.)	22.42	221.17	89.99	29.58	12.07	75.41			1.92	12.20
Seychelles	6.00	0.51	0.51							
South Africa	2.37	113.72	78.34	14.05	10.44	10.54				0.36
Suriname	37.87	17.13	0.81	14.18	1.79				0.35	0.00
St.Helena	1 074.28	6.87		6.87						
St.Kitts-Nevis	142.12	6.98	1.24		0.29		5.46			
St.Lucia	64.38	10.38	1.70	1.33	6.79	0.57				
St.Vincent & Grenadines	77.26	9.20	4.10		5.10					
Trinidad & Tobago	2.54	3.36	3.34						0.01	0.00
Turkey	4.13	301.22	202.59	2.59	0.13	94.75			0.95	0.21
Uruguay	2.36	7.85	2.50	0.21	0.45	4.66				0.03
Venezuela	0.18	4.72	1.57		0.22	0.05			2.85	0.03
Total Upper Middle Income Countries	1.50	1 164.06	565.63	112.61	104.03	250.04	80.90		35.28	15.57
Total LDC + OLIC + LMIC + UMIC	1.31	7 162.37	2 928.94	1 132.80	473.64	543.97	762.60	5.00	1 278.86	36.56
Region										
Europe	7.88	1 242.32	603.59	226.04	62.76	270.69	26.34		9.24	43.66
Africa	3.62	4 003.45	1 373.46	886.34	284.88	226.32	580.48	5.00	641.04	5.94
America	1.39	768.87	231.74	123.99	160.03	80.41	47.48		121.16	4.06
Asia	0.51	1 850.06	971.14	41.23	87.06	97.03	114.65		533.71	5.24
Oceania	7.96	65.24	31.85	6.78	18.23	4.78	0.83		2.72	0.05
Bilateral unallocated	0.19	1 025.35	214.59	51.81	48.91	25.24	6.07	80.00	42.18	556.55
Total Region	1.64	8 955.28	3 426.36	1 336.18	661.87	704.47	775.85	85.00	1 350.04	615.51

Breakdown by country/region of external aid financed on the General Commission Budget and the European Development Fund (EDF) in 2008.
Bilateral ODA flows.

(1) Source : World Population Prospects - United Nations Population Division

Fig.6.12 Sectoral breakdown of ODA managed by the EC in 2008

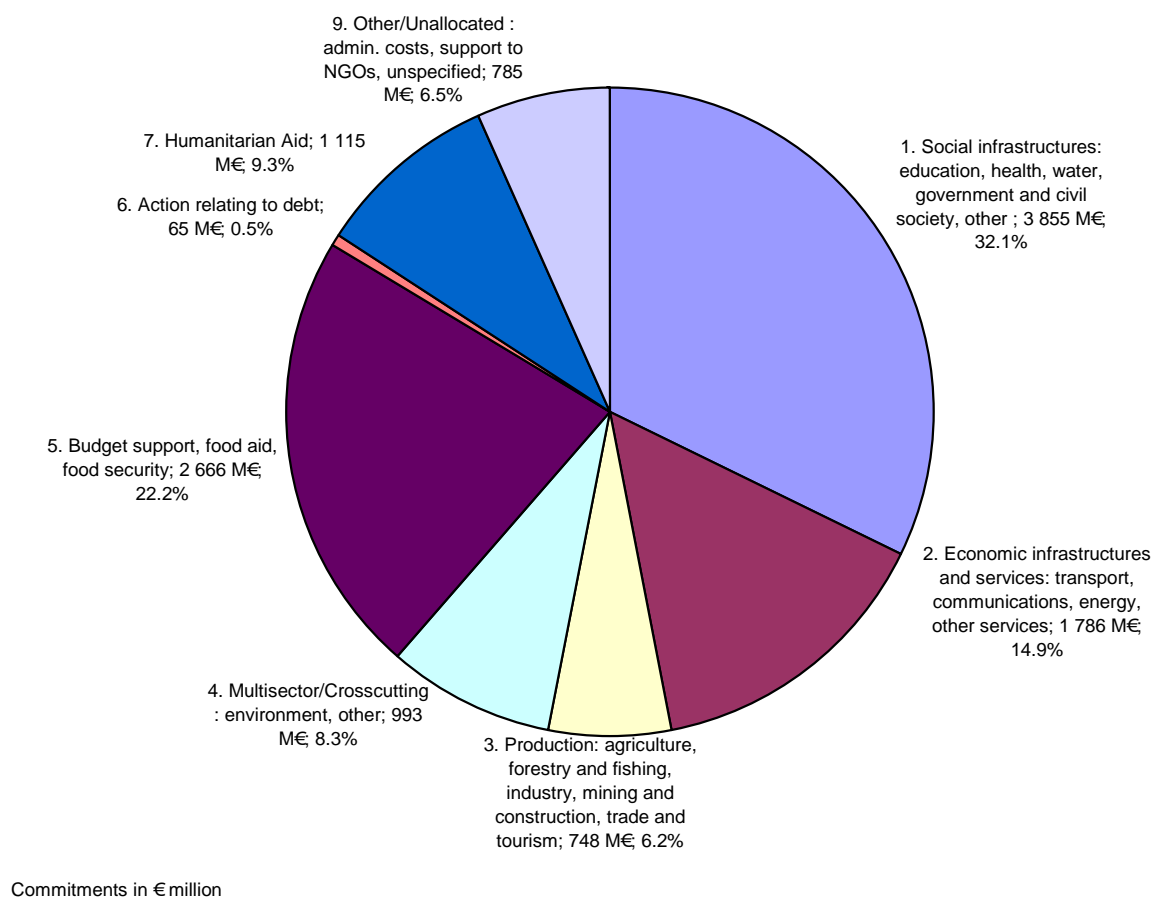


Fig.6.13 Detailed description of ODA by sector in 2008 - Commitments

Commitments (€million)

Sector of Destination	Total	Managed by EuropeAid	Managed by Other DGs
SOCIAL INFRASTRUCTURE AND SERVICES	3 855.03	2 713.78	1 141.25
Education	595.80	500.72	95.08
Education, level unspecified	85.11	82.11	3.00
Basic education	147.50	138.00	9.50
Secondary education	69.28	44.30	24.98
Post-secondary education	293.91	236.31	57.60
Health	486.49	467.82	18.68
Health, general	108.14	96.97	11.18
Basic health	378.35	370.85	7.50
Population policies/programs and reproductive health	101.94	99.94	2.00
Water supply and sanitation	118.06	116.51	1.55
Government and civil society	1 877.02	958.85	918.16
Other Social Infrastructure	675.72	569.95	105.77
ECONOMIC INFRASTRUCTURE AND SERVICES	1 786.32	1 635.75	150.58
Transport and storage	1 338.56	1 229.80	108.76
Communications	36.75	32.00	4.75
Energy generation and supply	305.79	285.22	20.57
Banking and financial services	13.63	10.13	3.50
Business and other services	91.60	78.60	13.00
PRODUCTION SECTORS	747.82	505.28	242.53
Agriculture, Forestry and Fishing	436.38	264.80	171.58
Agriculture	393.59	226.58	167.01
Forestry	38.22	38.22	
Fishing	4.57		4.57
Industry, Mining and Construction	78.33	65.00	13.33
Industry	75.15	65.00	10.15
Mineral resources and mining	3.18		3.18
Construction			
Trade and Tourism	233.10	175.48	57.62
Trade policy and regulation	232.09	175.48	56.60
Tourism	1.02	0.00	1.02
MULTISECTOR/CROSSCUTTING	992.83	590.77	402.06
General environmental protection	301.03	147.01	154.01
Other multisector	691.80	443.76	248.05
COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE	2 665.90	2 642.42	23.48
General budget support	2 381.78	2 364.28	17.50
Development food aid/food security assistance	284.12	278.15	5.98
Other commodity assistance			
ACTION RELATING TO DEBT	65.47	65.47	
Action relating to debt	65.47	65.47	
HUMANITARIAN AID	1 115.09	153.50	961.59
Emergency Response	984.68	82.50	902.18
Reconstruction relief and rehabilitation	97.61	71.00	26.61
Disaster prevention and preparedness	32.81		32.81
OTHER/UNALLOCATED/UNSPECIFIED	785.49	581.64	203.85
Administrative costs of donors	714.47	538.88	175.59
Support to non-governmental organisations			
Refugees in donor countries			
Unallocated/unspecified	71.02	42.76	28.26
GRAND TOTAL	12 013.95	8 888.62	3 125.34

Breakdown by sector of Official Development Assistance (ODA) financed on the General Commission Budget and the European Development Fund (EDF) in 2008.
Bilateral and Multilateral ODA flows.

Fig.6.14 Detailed description of ODA by sector in 2008 - Payments

Payments (€ million)

Sector of Destination	Total	Managed by EuropeAid	Managed by Other DGs
SOCIAL INFRASTRUCTURE AND SERVICES	3 538.66	2 856.81	681.86
Education	517.50	472.57	44.93
Education, level unspecified	101.54	97.87	3.66
Basic education	193.37	186.91	6.46
Secondary education	79.56	57.72	21.84
Post-secondary education	143.04	130.06	12.97
Health	492.86	439.27	53.59
Health, general	125.69	123.63	2.05
Basic health	367.18	315.64	51.54
Population policies/programs and reproductive health	107.72	106.01	1.71
Water supply and sanitation	332.29	322.79	9.49
Government and civil society	1 429.97	868.63	561.34
Other Social Infrastructure	658.32	647.53	10.79
ECONOMIC INFRASTRUCTURE AND SERVICES	1 355.18	1 202.38	152.81
Transport and storage	899.58	869.20	30.38
Communications	29.54	21.12	8.42
Energy generation and supply	259.45	195.41	64.03
Banking and financial services	55.27	26.24	29.03
Business and other services	111.34	90.41	20.93
PRODUCTION SECTORS	664.86	614.83	50.03
Agriculture, Forestry and Fishing	318.27	307.53	10.74
Agriculture	257.75	248.30	9.45
Forestry	43.67	43.36	0.31
Fishing	16.85	15.87	0.98
Industry, Mining and Construction	199.68	175.70	23.98
Industry	147.73	131.02	16.71
Mineral resources and mining	51.91	44.68	7.23
Construction	0.05		0.05
Trade and Tourism	146.91	131.60	15.31
Trade policy and regulation	135.80	121.32	14.48
Tourism	11.11	10.28	0.83
MULTISECTOR/CROSSCUTTING	705.22	448.34	256.87
General environmental protection	148.34	122.61	25.73
Other multisector	556.87	325.73	231.14
COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE	817.20	773.67	43.53
General budget support	553.51	513.37	40.14
Development food aid/food security assistance	263.68	260.30	3.39
Other commodity assistance			
ACTION RELATING TO DEBT	85.00	85.00	
Action relating to debt	85.00	85.00	
HUMANITARIAN AID	1 412.74	542.46	870.28
Emergency Response	946.69	109.38	837.31
Reconstruction relief and rehabilitation	416.42	409.56	6.86
Disaster prevention and preparedness	49.63	23.52	26.11
OTHER/UNALLOCATED/UNSPECIFIED	615.51	406.01	209.49
Administrative costs of donors	549.36	366.54	182.82
Support to non-governmental organisations	3.06	3.00	0.06
Refugees in donor countries	1.08	1.08	
Unallocated/unspecified	62.01	35.40	26.60
GRAND TOTAL	9 194.37	6 929.51	2 264.86

Breakdown by sector of Official Development Assistance (ODA) financed on the General Commission Budget and the European Development Fund (EDF) in 2008.

Bilateral and Multilateral ODA flows.

Fig.6.15 EuropeAid in 2008: A closer look. Sectoral breakdown per region

Commitments (€million)

Sector of Destination	ENPI East	ENPI South	Asia	Latin America	ACP	Multi Region	Total
SOCIAL INFRASTRUCTURE AND SERVICES	174	587	536	221	880	315	2 714
Education	33	56	228	128	40	16	501
Education, level unspecified		20	0	12	40	10	82
Basic education			84	54	0		138
Secondary education		10	29			6	44
Post-secondary education	33	26	116	62			236
Health	47	79	89		200	54	468
Health, general		79	14			4	97
Basic health	47		75		200	50	371
Population policies/programs and reproductive health	4	8	10		43	35	100
Water supply and sanitation	9	29	33	19	25	2	117
Government and civil society	82	111	138	51	410	166	959
Other Social Infrastructure		304	38	22	162	44	570
ECONOMIC INFRASTRUCTURE AND SERVICES	126	230	61	27	1 167	25	1 636
Transport and storage		86	11		1 133		1 230
Communications		5	5	22			32
Energy generation and supply	126	84	45	5	1	25	285
Banking and financial services					10		10
Business and other services		56			23		79
PRODUCTION SECTORS	45	67	116	39	230	9	505
Agriculture, Forestry and Fishing		18	39		200	9	265
Agriculture		18	33		176		227
Forestry			6		24	9	38
Fishing							
Industry, Mining and Construction		16	25	20	4		65
Industry		16	25	20	4		65
Mineral resources and mining							
Construction							
Trade and Tourism	45	33	53	19	26		175
Trade policy and regulation	45	33	53	19	26		175
Tourism		0					0
MULTISECTOR/CROSSCUTTING	101	70	34	1	104	281	591
General environmental protection	5	7	18	1	54	63	147
Other multisector	96	63	17	0	50	219	444
COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE		115	84	61	2 222	161	2 642
General budget support		110	57	61	2 137		2 364
Development food aid/food security assistance		5	27		85	161	278
Other commodity assistance							
ACTION RELATING TO DEBT					65		65
Action relating to debt					65		65
HUMANITARIAN AID	62	71	21				154
Emergency Response	62		21				83
Reconstruction relief and rehabilitation		71					71
Disaster prevention and preparedness							
OTHER/UNALLOCATED/UNSPECIFIED	7	0	4	2	236	332	582
Administrative costs of donors	0	0	2	2	236	299	539
Support to non-governmental organisations							
Unallocated/unspecified	7		2			34	43
GRAND TOTAL	515	1 141	856	349	4 904	1 123	8 889

Breakdown by sector and Region of external aid financed on the General Commission Budget managed by EuropeAid and the European Development Fund (EDF).

Bilateral and Multilateral ODA flows.

On budget side, region is identified following geographical budget lines and recipient countries for thematic budget lines.

ENPI East : Europe + Armenia, Azerbaijan, Georgia. (Russia excluded)

ENPI South : North Of Sahara + Jordan, Lebanon, Libya, Palestinian Admin. Areas, Syria, (Israel excluded)

Asia : Iran, Iraq, Oman, Yemen, Afghanistan, Bangladesh, Bhutan, India, Kazakhstan, Kyrgyz Rep., Maldives, Myanmar (Burma), Nepal, Pakistan, Sri Lanka, Tajikistan, Turkmenistan, Uzbekistan, Cambodia, China, Indonesia, Korea, Dem., Laos, Malaysia, Mongolia, Philippines, Thailand, Timor-Leste, Viet Nam.

Latin America : Costa Rica, Cuba, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela

ACP : South Of Sahara + Oceania + Anguilla, Antigua & Barbuda, Barbados, Belize, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, Montserrat, St.Kitts-Nevis, St.Lucia, St.Vincent & Grenadines, Trinidad & Tobago, West Indies, Regional, Guyana, Suriname. (Turks & Caicos Islands excluded)

Multi region : covering several regions or unspecified location.

Fig.6.16 External Aid in 2008: A closer look. Sectoral breakdown per instrument.

Commitments (€ Million)

Sector of Destination	ENPI	EDF	DCI - Geo (1)	DCI - Thema (2)	EIDHR	IFS	NSI	CFSP	IPA	Echo	Other	Total
SOCIAL INFRASTRUCTURE AND SERVICES	752	706	895	217	143	112		272	740		19	3 855
Education	88	30	356	26					77		18	596
Education, level unspecified	20	30	12	20					3			85
Basic education		0	138						10			148
Secondary education	10		29	6					7		18	69
Post-secondary education	58		178						58			294
Health	126	188	89	65					19			486
Health, general	79		14	4					11			108
Basic health	47	188	75	62					8			378
Population policies/programs and reproductive health	4	41	10	45		1			1			102
Water supply and sanitation	38	24	52	3					2		0	118
Government and civil society	192	367	229	27	143	111		272	536		1	1 877
Other Social Infrastructure	304	56	160	50					106			676
ECONOMIC INFRASTRUCTURE AND SERVICES	303	1 147	88	40				58	151			1 786
Transport and storage	86	1 124	11	9					109			1 339
Communications	5		27						5			37
Energy generation and supply	157		50	21				58	21			306
Banking and financial services				10					4			14
Business and other services	56	23							13			92
PRODUCTION SECTORS	112	90	160	143					231		11	748
Agriculture, Forestry and Fishing	18	65	39	143					168		3	436
Agriculture	18	43	33	134					165		3	394
Forestry		23	6	10								38
Fishing									4		1	5
Industry, Mining and Construction	16	4	45						11		2	78
Industry	16	4	45						10			75
Mineral resources and mining									1		2	3
Construction												
Trade and Tourism	78	21	76						52		6	233
Trade policy and regulation	78	21	76						51		6	232
Tourism	0								1			1
MULTISECTOR/CROSSCUTTING	182	101	34	251	0	2			388		35	993
General environmental protection	12	52	17	68					151		2	301
Other multisector	170	50	17	184	0	2			237		33	692
COMMODITY AID AND GENERAL PROGRAMME ASSISTANCE	110	2 179	118	235					6		18	2 666
General budget support	110	2 118	118	18							18	2 382
Development food aid/food security assistance		61		217					6		0	284
Other commodity assistance												
ACTION RELATING TO DEBT		65										65
Action relating to debt		65										65
HUMANITARIAN AID	133		21			25			17	920	0	1 115
Emergency Response	62		21			1			14	887		985
Reconstruction relief and rehabilitation	71					23			3			98
Disaster prevention and preparedness	42	236	53	66	9	5	1	0	55	8	0	33
OTHER/UNALLOCATED/UNSPECIFIED	35	236	51	33	9	5	1	0	48	8	309	785
Administrative costs of donors												
Support to non-governmental organisations												
Unallocated/unspecified	7		2	32					7		22	71
GRAND TOTAL	1 634	4 525	1 368	953	152	143	59	272	1 587	927	393	12 014

Breakdown by sector and Region of external aid financed on the General Commission Budget managed by EuropeAid and the European Development Fund (EDF).

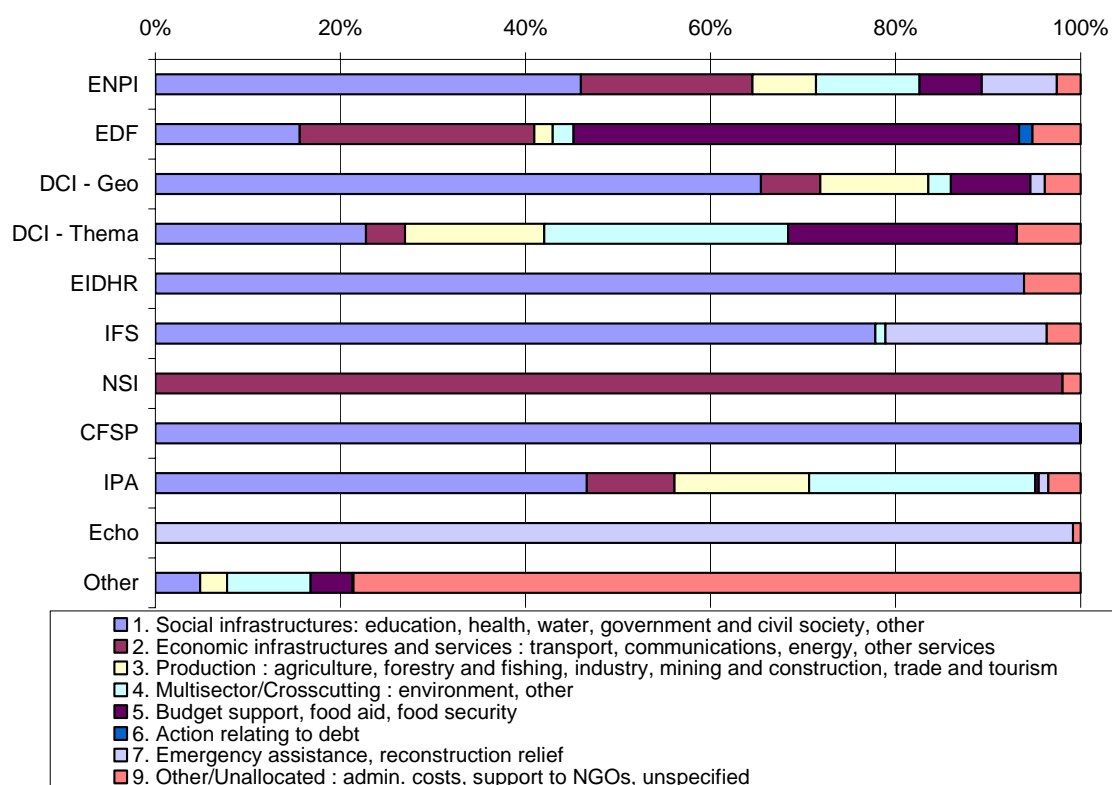
Bilateral and Multilateral ODA flows.

(1) DCI - Geo : Asia, Latin America, South Africa

(2) DCI - Thema : Migration, Food security, Non-state actors, Environment, Human & social development, ACP sugar programmes

CFSP is financed on the General Commission Budget managed by DG External Relations

Fig.6.17 External Aid in 2008: A closer look. Sectoral breakdown per instrument.



Commitments %

CFSP is financed on the General Commission Budget managed by DG External Relations

6.3. Glossary

ACP	African, Caribbean and Pacific States
AfDB	African Development Bank
AAP	Annual Action Plan
ASEAN	Association of South-East Asian Nations
AU	African Union
CAN	Andean Community
Cariforum	Caribbean Forum of ACP states
CBC	Cross-border Cooperation
CDB	CDB Caribbean Development Bank
CIDA	CIDA Canadian International Development Agency
CCRIF	Caribbean Catastrophe Risk Insurance Fund
CSP	Country Strategy Paper
DAC	Development Assistance Committee of the OECD
DCI	Financing instrument for development cooperation
DfID	UK Department for International Development
EC	European Community
ECLAC	Economic Commission for Latin America and the Caribbean
ECOSOC	United Nations Economic and Social Council
EDF	European Development Fund
EIB	European Investment Bank
EIDHR	European Instrument for Democracy and Human Rights
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
ENRTP	Thematic Programme for Environment and Sustainable Management of Natural Resources including Energy
EPA	Economic Partnership Agreement

ESDP	European Security and Defence Policy
EU	European Union
EU EOMs	European Union Election Observation Missions
FAFA	The EC/UN Financial and Administrative Framework Agreement
FLEGT	Forest law enforcement, governance and trade
FPA	Framework Partnership Agreement (between the Commission and its operational partners)
GDPRD	Global Donor Platform for Rural Development
GCCA	Global Climate Change Alliance
IAEA	International Atomic Energy Agency
ICI	Industrialised Countries Instrument
IDEA	International Institute for Democracy and Electoral Assistance
IDP	Internally displaced persons
IfS	Instrument for Stability
IMF	International Monetary Fund
INGO	International Non-governmental organisation
INSC	Instrument for Nuclear Safety Cooperation
IOM	International Organisation for Migration
IRFFI	International Reconstruction Fund Facility for Iraq
ITC/ILO	International Training Centre of the International Labour Organization
LAC	Latin America and Caribbean
LDC	Least Developed Countries
LIC	Low Income Countries
LRRD	Linking relief, rehabilitation and development
MFA	Micro Financial Assistance

MDGs	Millennium Development Goals
MERCOSUR	Regional Trade Agreement among Argentina, Brazil, Paraguay and Uruguay
MIC	Middle Income Countries
NEPAD	New Partnership for Africa's Development
NIF	Neighbourhood Investment Facility
NGO	Non-governmental organisation
OAS	Organisation of American States
OCT	Overseas Countries and Territories
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PCD	Policy Coherence for Development
Pegase	Mecanisme "Palestino Europeen de Gestion et d'Aide Socio-Economique"
PIF	Pacific Island Forum
Quartet	The Quartet on the Middle East gathering the United States, Russia, the European Union, and the United Nations
oQSG	office Quality Support Group
RIP	Regional Indicative Programme
ROM	Results Oriented Monitoring System
RSP	Regional Strategy Paper
SAARC	South Asian Association for Regional Cooperation
SADC	Southern African Development Community
SBS	Sector budget support
SIGMA	Support for Improvement in Governance and Management
SPSP	Sector policy support programme

TAIEX	Technical Assistance and Information Exchange
TA	Technical Assistance
TIM	Temporary International Mechanism
TVET	Technical and Vocational Education and Training
UMIC	Upper Middle Income Countries
UNDP	United Nations Development Programme
UN-FAO	United Nations - Food and Agriculture Organization
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
PAHO	United Nations - Pan American Health Organisation
PFM	Public Finance Management
PRAG	Practical Guide
UNRWA	United Nations - Relief and Works Agency for Palestine Refugees in the Near East
UNSG	United Nations Secretary-General
UNCTAD	United Nations Conference on Trade and Development
UN-WFP	United Nations - World Food Programme
UN-WHO	United Nations - World Health Organisation
VPA	Voluntary Partnership Agreement